

ENGLISH & SOCIAL STUDIES 3

On Citizenship

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Hire-Purchase: What You Need to Know — Board of Trade.
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Preface

THE teacher of Liberal Studies must ask himself: What am I going to teach, to whom, and how? For the Liberal Studies teacher in a technical college there are the added problems of time-shortage — particularly with day-release classes — and the diversity of age, ability and aptitude within the class. This book is an attempt to save time by teaching English and Social Studies as a combined subject, and to present the same information at different levels and with different approaches.

Each passage contains relevant information on a relevant topic. The exercises are designed to arouse interest and consolidate what has been learned, and should give ample practice in spoken and written English. With the less able students, the passages are best used as a basis for short lectures, followed by the exercises done orally; with the more able, a short talk can be given on content and the students allowed to complete the work on their own or in small groups. It will help if the material in the book can be supplemented by films, tape-recordings and visits.

To help the student understand essay structure, each passage has been split up into its *natural structural units*, these being indicated by numbers in brackets at the end of the sections (or sub-sections) concerned. For instance, the first passage in the book has been split up into three sections, each dealing with a separate topic, sections 2 and 3 being further divided to allow for the expansion of these particular themes.

1. Money

BEFORE money took the form of coins and paper notes, many other things were used as media of exchange. As a rule, such things were commodities in fairly general use or ownership. Cattle served that purpose in early pastoral communities, while slaves, furs, skins, shells, tea, tobacco and rice have been used at various times and in various places. But to us the use of any such things would appear to be highly inconvenient, and we should certainly not regard them as fulfilling the functions of a *good money*. Slaves and cattle cannot be subdivided and have only a limited life: tea, tobacco and rice perish. They cannot be held indefinitely as a *store of value*. This is a great inconvenience, because people who sell things for money are not always in immediate need of the things they could get in exchange; they want something they can keep until they need to use it. Consequently, they must have as money something that can be put on one side for use at a later date without loss of value. From early times the precious metals, gold and silver, were found to be admirable for this purpose and gradually they came into general use, first as unshaped pieces of varying weights, but later in the form of *coins* of standard weight issued under the authority of the State and stamped with an easily recognized device to testify to their genuineness.

Although a few countries, even in quite recent times, have preferred silver to gold, gold by the end of the nineteenth century was established as the money standard for practically the whole world. But gold is very expensive and, in addition, the supplies of the metal have become inadequate to meet the ever-increasing needs of exchange, particularly of international exchange. Hence paper money, representing a given amount of gold, came to be substituted for gold for internal use and the gold thus released was

made available for monetary reserves and for making foreign payments. (1)

What is the work that money is required to do? Broadly, money has to do two things: it must act as a *medium of exchange* or intermediary between goods and goods, and it must serve as a *unit of account*, i.e. a unit in terms of which business transactions can be

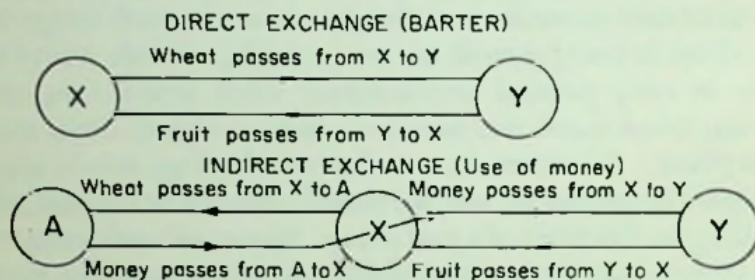


FIG. 1

measured and recorded. Without a medium of exchange we should have to exchange one article directly for another article: so much butter for a pound of tea; so much milk for a loaf of bread. Every time a hatter wanted a shave, he would have to find a barber who wanted a hat. In other words, we should have to resort to *barter* (Fig. 1), the direct exchange of goods and services, without the intervention of money. Obviously, this system is extremely inconvenient and not always possible. In a modern community there must be a medium of exchange, which people will freely accept for their goods and services and can keep until such time as they wish to use it for the purchase of other goods and services. (2a)

It is also important that there should be a *unit of account*, to provide us with a standard by means of which we can measure and record the values of things exchanged. When we use money we express each thing entering into exchange as worth so many units of money, i.e. everything of value has a *price*, and by using money we can without difficulty compare the relative values of any two

things. If a loaf of bread and a pint of milk each cost 6d., we know that in our community a 6d. loaf has the same value as a pint of milk. If a hat costs 30s. and a shave 1s. 6d., we know at once that the hat is worth twenty shaves, and so on. (2b)

Anything used as money must perform these two functions, but *standard money*, i.e. the money adopted as the basis of the monetary system of a country, e.g., the pound sterling, performs two further functions. It serves as a *store of value*, i.e., it can be put away until it is wanted without losing any of its value as a means of exchange for other goods. If I paint a picture and sell it today for five pounds which I do not require to use, say, for 12 months, I must be reasonably certain that the five pounds I receive will, in 12 months' time, be worth about the same amount of goods as they are today. I accept the five pounds because I know they can be relied upon as a store of value that will not vary with the passing of time. (3a)

Akin to this is the function of acting as a *standard for deferred payments*. The value of the money must keep steady over a period, or loans and deferred payments become very much of a gamble. Suppose, for instance, that I lend you today a unit of money with which I could buy ten loaves of bread, but that when you repay me in 6 months' time that unit will buy only five loaves. Clearly, I should lose on the transaction, for the value of the money unit will have fallen by 50 per cent. And that fall would, of course, adversely affect all those who, like myself, had made loans and advances. On the other hand, it would greatly benefit you and other debtors and borrowers, because you could repay your creditors in money whose value in terms of goods and services was only half of what it was when your debts were incurred. (3b)

(Thomas, S. Evelyn, *Teach Yourself Economics*, English Universities Press.)

I. (a) Use the following words in sentences to show that you can use them correctly:

media,* pastoral, preferred,* released,*⁽¹⁾ intervention,^(2a) express,*^(2b) perform,*^(3a) deferred,* adverse,* incurred.^(3b)

(b) Find suitable synonyms for those words marked by asterisks.

(c) In your own words, explain what is meant by the following terms:

- (i) legal tender, (ii) barter, (iii) token money,
- (iv) inflation, (v) rate of exchange, (vi) deflation.

(d) Show the difference between "worth" and "value"; "price" and "cost".

(e) Study the first sentence in Section 3a in preparation for a dictation test.

2. (a) Find a suitable heading for Section 1, and then under it:

- (i) make a list of commodities that have been used as money;
- (ii) explain why a commodity such as tea does not fulfil the present-day functions of money;
- (iii) show how slaves and cattle are unsuitable as money;
- (iv) state why gold and silver are ideal money forms;
- (v) give a note-form history of gold as a money form;
- (vi) explain why paper money was first introduced.

(b) Give Section 2 a heading.

(c) Having found a sub-heading for 2a (i) define "barter", (ii) state its disadvantages, and (iii) explain why a medium of exchange is essential in a modern community.

(d) Why is it important that money should act as a *unit of account*?

(e) Find a heading for Section 3, and suitable sub-headings for 3a and 3b.

(f) Summarize Section 3a in not more than *thirty-five of your own words*.

(g) Explain why it is that when money is losing its value a person who lends money is at a serious disadvantage, while a person borrowing is at an advantage.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Find out why the following British coins are so called:
 (i) guinea, (ii) sovereign, (iii) florin,
 (iv) crown, (v) farthing.

(b) When did the Bank of England cease to issue £20, £50,
 £100, £500 and £1000 notes? Until what date were they
 legal tender?

(c) When was the new "blue" £5 note introduced?

(d) Complete Table 1.

TABLE 1

Country	Monetary unit	Rate of exchange with sterling
USA	dollar	\$2.80 = £1
France		
Belgium		
W. Germany		
Denmark		
Sweden		
Spain		
Italy		
Greece		

(e) What is meant by the term "numismatics"?

(f) Find out the amounts up to which the following coins are
 legal tender: (i) bronze, (ii) nickel brass, and (iii) cupro-
 nickel.

DISCUSSION TOPICS

(I) Make a list of the factors that determine (a) the cost of manufacturing an article, and (b) the price at which that article is sold. (In economic terms, it may be said that the former deals with the *Costs of Production*, and the latter with *Supply and*

Demand.) Try also to decide what factors determine the retail prices of different articles under different conditions, e.g.

- (i) a gallon of water in the UK and, say, in a desert;
- (ii) an Henri Matisse painting today and, say, in 1895, when the young Matisse was only twenty-five;
- (iii) 1 lb. of apples in (a) your local corner shop; (b) a market stall and (c) a super-market;
- (iv) a packet of cigarettes under normal selling conditions. (How much would a heavy smoker be prepared to pay for a 3d. cigarette should cigarettes suddenly become unavailable, in jail for instance? What additional factors influence price here?)
- (v) Does advertising expenditure influence production costs, retail selling price, or both? Explain.

(II) What are the main advantages and disadvantages of the following as money forms: (i) gold, (ii) diamonds and (iii) paper?

(III) Mr. Kruschev — when he was Premier of the USSR — stated that by 1980 bread and public transport would be free in the USSR. Eventually, everything would be "free". Should this come about, money would become a thing of the past. Can you see any dangers in such a system? What basic conditions would have to be fulfilled before such a system could be introduced?

(IV) Until the system was made illegal in the nineteenth century, employers often paid the wages of their workers, not in current coin, but in tokens that had to be spent in shops owned by the same employers. This method of payment — known as the *Truck System* — was abolished because it was abused. Imagine that you are working under such a system. What dangers can you see in it for you and your family? How could the system — if properly organized — benefit the people? To what extent is a modified version of the system in operation today?

(V) Read the following quotations very carefully, and consider their inferences:

- (i) "When I was young I used to think that money was the

most important thing in life; now that I am old, I know it is." — Oscar Wilde.

- (ii) "I cannot afford to waste my time making money." — L. J. R. Agassiz.
- (iii) "Money often costs too much." — R. W. Emerson.
- (iv) "When one has had to work so hard to get money, why should he impose on himself the further hardship of trying to save it?" — Don Herold.

(VI) To what extent does sterling fulfil the four functions of good money? Where does it fail?

2. *Public Spending*

LAST year public authorities in Britain spent more than £11,000 million. This includes spending by Government departments and local authorities, as well as national insurance benefits and investment by nationalized industries.

Putting the figure in another way, public spending is equivalent to more than two-fifths of Britain's yearly output of goods and services — that is, of our gross national product (GNP for short). (1)

Much of this public spending goes on familiar things: schools and universities, hospitals and homes for old people, houses and roads, buildings and equipment for our armed forces, and many others. This is called public service investment. Then there are investments by nationalized industries, ranging from electric power stations to aircraft. There are also services to be paid for: for example, the pay of the armed forces, police, firemen, teachers and other public servants in both central and local government.

About a sixth of public spending consists of payments to individuals, including old age and other pensions, national assistance, family allowances, and scholarships. Money is also given, or lent, to help developing countries overseas.

Finally, public authorities must set aside some of their income to pay interest on the money which they borrow. (2)

Two-thirds of public spending is financed through taxes: taxes on incomes and property (income tax, profits tax and death duties); taxes on spending (purchase tax, motor vehicle licence duties and stamp duties); and the rates levied by local authorities. Other sources of finance are national insurance and health contributions, trading and similar income (for example, rents charged to council tenants), and borrowing. (3)

Public spending increased from £6300 million in 1952 to £11,000

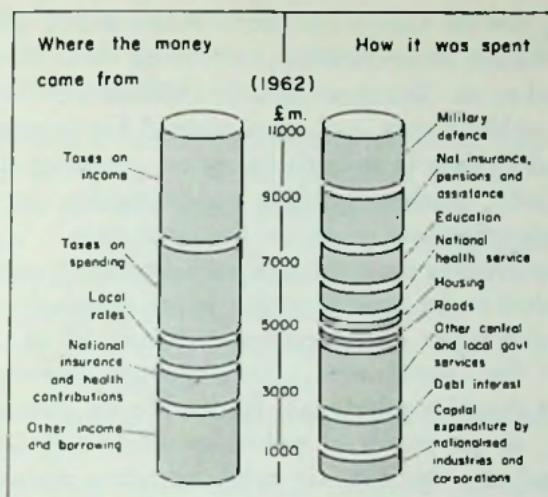


FIG. 2

million in 1962. Up to 1957 it was increasing less rapidly than Britain's national income and so took a declining proportion of our total resources. But after 1957 public spending grew more rapidly, and by 1962 it was claiming almost as big a share of the nation's resources as in 1952.

Most notably, spending on social services has more than doubled, from under £2000 million in 1952 to almost £4000 million in 1962. Within this total, spending on national insurance, pensions and assistance has increased from £825 million (under 6 per cent of GNP) to almost £1800 million (over 7 per cent). This is due to increases in both the size of benefits and the number of people receiving them. Spending on the National Health Service has gone up from £500 million (3.6 per cent of GNP) to £950 million (3.8 per cent). The growing number of children at school, changes in the distribution of population and the need to replace school buildings are major causes of a striking increase in spending on education — from £450 million (just over 3 per cent of GNP) in 1952 to £1200 million (nearly 5 per cent) in 1962. (4)

Like spending by a family, public spending has to be controlled.

It has to pay for the things the nation wants public authorities to provide — efficient administration, improving social services, better transport, and so on. But there must be a balance between resources used in the public sector, and those needed for consumption, investment and exports in the private sector. Another aim must be to spend wisely, neither spending public money on the wrong things nor spending too much on the right ones.

Ways of improving the control of public spending were examined by a committee under Lord Plowden which reported in July 1961. The committee made many recommendations, all of which were accepted by the Government. An important one was that the Government should regularly take forward looks, over a number of years ahead, at the trends of public spending and total national resources, and take decisions on public spending against the background of these surveys. In this way it should be possible to ensure the right balance between the private and public sectors, and to speed up economic growth. Another recommendation was the efforts to ensure that public spending is efficient should be intensified. When public authorities are spending so much it is essential that they are efficiently organized, that new buildings are well designed and economically built and that, in general, money is spent to the best advantage. (5)

(*Public Spending*, Broadsheets on Britain, New Series No. 11,
Central Office of Information, November 1963.)

1. (a) Write sentences to illustrate the meaning of the following words as they are used in the passage:
levied,⁽³⁾ striking,⁽⁴⁾ efficient,⁽⁵⁾ intensified.⁽⁵⁾
- (b) Explain what is meant by (i) Gross National Product;⁽¹⁾ and (ii) public service investment.⁽²⁾
- (c) Differentiate between (i) the *public* sector and the *private* sector⁽⁵⁾; and (ii) *direct* and *indirect* taxes.
- (d) In your own words, explain what is meant by the sentence: "Up to 1957 it (i.e. public spending) was increasing less rapidly than Britain's national income and so took a declining proportion of our total resources."⁽⁴⁾

(e) Study Section 3, especially the punctuation, in preparation for a dictation test. Note the use of the colon and semicolons, and the brackets and commas.

2. (a) According to the information given in the pamphlet, how much was spent by public authorities in 1962? How much was this per head of the population?

(b) Under a suitable heading, give a list of the main things on which public funds are spent.

(c) Find an appropriate heading for Section 5.

(d) Three types of taxes are mentioned in Section 3. What are they? Give examples of each.

(e) Make a list of *all* the sources of public finance mentioned in the passage.

(f) Are there any modifications or additions you would make to Fig. 2 in order to make it clearer and more useful?

(g) Give Section 4 an appropriate heading.

(h) What factors have accounted for the increased spending on national insurance, pensions and assistance?

(i) What factors have caused the remarkable increase in the amounts spent on education? Can you suggest any other factors not mentioned in the passage?

(j) **In your own words**, rewrite the first paragraph of Section 4.

(k) Make a list of the main recommendations made by the Plowden Committee (1961).

RESEARCH

In each case acknowledge the source of your information.

3. (a) Find out the total public spending last year on
 (i) Defence, (ii) Education and (iii) the Health Service.
 Write a paragraph of comment on your interpretation of these figures.

(b) Find out the total amounts collected by the Government last year in
 (i) income tax, (ii) purchase tax and (iii) duty on (a) tobacco,
 (b) alcohol and (c) oil and motor duties.

(c) Find out the "tax" (duty or purchase tax) on

- (i) a bottle of whisky,
- (ii) a packet of twenty cigarettes,
- (iii) a gallon of hydrocarbon fuel oil used as a fuel in road vehicles,
- (iv) a car costing £500 before purchase tax.

DISCUSSION TOPICS

- (I) How would you, given the chance, spend public money to the best advantage? Do you, for instance, think that too much is being spent on some things, too little on others? How would you safeguard against wasteful spending? Bear in mind that when public money is taken away from one sector — say, Defence — then unemployment is created, and this in itself costs money. If extra funds are going to be necessary to finance your new schemes, how will you raise it?
- (II) Some of the people who take the greatest advantage of the services provided by the State are often the ones who complain most about them. Yet these same people often object to paying taxes. Why do you think this is?
- (III) Are there any State services that you think private enterprise could run better? (The public schools.) On the other hand, are there any services provided by private enterprise that you think the State could provide better?
- (IV) Each year substantial sums of British public money go in the shape of gifts and loans to underdeveloped countries. Do you think that this practice is the outcome of our Government's high sense of moral duty, or is it based on commercial interest? Do you consider it a wise or an unwise practice?
- (V) Read the following quotations, and then discuss them:
 - (i) "Public money is like holy water, everyone helps himself to it." — Italian proverb.
 - (ii) "The only thing that hurts more than paying income tax is not having to pay an income tax." — Lord Dewar.
 - (iii) "Taxes are legalized 'protection payments'."

3. *Preparing the Budget*

(WITH ADDITIONAL EXPLANATORY NOTES ON INCOME TAX)

THE Budget — presented to the House of Commons by the Chancellor of the Exchequer, usually in April — sets out the Government's views on how money will be found to cover the Government's spending in the year ahead. This spending is needed to finance all the many services which Parliament has called on the Government to provide for the community. But the Budget also deals with the economy as a whole. The Chancellor of the Exchequer has to consider, at Budget time, what are the likely trends in the economy, and whether some additional stimulus, or restraint, should be provided through Government measures — mainly tax measures — to keep the economy on the path of steady, sustainable growth. Therefore the way Government expenditure is financed is part of the Government's policy for maintaining a sound economy. (1)

There is another point to be borne in mind in considering the economic consequences of the Budget. Everything that Government money pays for — the health service, defence, the Civil Service and all the rest — absorbs part of the physical resources of the country as a whole. The total is very large: taking in local authorities and publicly-owned industries, all this spending now absorbs more than 40 per cent of our national resources.

Policies voted by Parliament — such as expansion of education — carry with them commitments for years ahead. The Government has therefore to look ahead a number of years to see how to match total future spending with the resources likely to be available. As part of this exercise, it reviews the likely trends in the spending of individual Government Departments, and then works out a system

of priorities to keep the total in line with the Treasury's forecasts of future national resources. (2)

The detailed Estimates of expenditure prepared by each Government Department for the financial year ahead (1 April to 31 March) are made within this broad long-term framework. These Estimates by Departments are submitted to the Treasury towards the end of each calendar year. They are examined so that the Treasury can satisfy itself that the proposed spending is in line with agreed policy, and is a reasonable estimate of what is likely to be needed. The agreed Estimates are published in March and submitted to the House of Commons. In order that the business of Government can be carried on, the House of Commons approves a sum "on account" for each department (usually enough to last until about early August). Before its summer recess the House debates the policy issues involved before authorizing the rest of the spending. (3)

TABLE 2

THE 1963-4 BUDGET ESTIMATES

Spending	Income
... as a proportion of each £ in the Budget	

	s. d.		s. d.
Social and		Taxes on Income	
Community Services	7 11	and Capital:	
Defence, Overseas Aid,		Taxes on personal income	6 11
External Policy	6 2	Taxes paid by companies	2 10
Economic Services	2 7	Estate and Stamp duties	1 1
(including subsidies to		Taxes on Spending:	
agriculture)		Tobacco	2 7
Interest on National Debt	1 10	Alcohol	1 5
Administration	1 1	Purchase Tax	1 7
Other	5	Oil and motor duties	2 2
	<hr/> 20 0	Other duties	7
		Non-Tax Revenue	7
		Deficit	3
			<hr/> 20 0

Most of the Government's income comes from two kinds of taxes; those collected by the Inland Revenue and levied principally on the incomes of persons and companies (for example, income tax and profits tax), and those collected by HM Customs and Excise and levied on spending (for example, the tobacco duty and the purchase tax). The Government can also finance expenditure by borrowing. These sources of money are shown in Table 2, which relates to the 1963 Budget. The deficit shown in the right-hand column was met by borrowing. (4)

When preparing the Budget the Chancellor has to think about three main questions:

- (i) how much the Government will need to spend in the coming year;
- (ii) how much money taxes will raise if he makes no change in the rates levied; and
- (iii) the country's economic prospects.

On detailed tax questions, the Chancellor is advised by officials of the Inland Revenue and Customs and Excise. On economic and financial policy, he is advised by officials at the Treasury. He is assisted by the three other Treasury Ministers and from time to time he will consult the Prime Minister and other Ministers. (5)

The Chancellor's task is not merely, as in Gladstone's days, to raise enough in taxes to meet his spending. He must consider the economic effects of what he does. If the economy needs a boost he may well decide to reduce taxation, even though this meant that it would not yield sufficient to meet spending. On the other hand, if the economy looks like getting overstrained, he may decide to increase taxation to produce more money than he needs simply to cover spending. Changes in taxation may be made also, not to vary the total yield, but to produce certain desired economic results — for example, tax allowances to industry to encourage spending on new machinery and equipment.

But the Budget Day proposals, important as they are, are only part of a Government's measures to implement its economic policy. It has to keep the state of the economy, and the need to regulate it, under review throughout the year. (6)

After explaining his proposals for the Budget to the Cabinet, the Chancellor presents them in his Budget Day Speech to the House of Commons. There he reviews the results of the previous financial year, gives his view on the state of the economy, and explains his proposals. As with the Estimates, the House is asked to give temporary approval before the proposals are fully discussed. A general debate then follows, and afterwards the House discusses the proposals in detail when it considers the Finance Bill which eventually becomes part of our statute law. (7) (Slightly abridged.)

(*Preparing the Budget*, Broadsheets on Britain, New Series No. 16, Central Office of Information, March 1964.)

1. (a) Replace the following words used in the passage by suitable synonyms or short phrases of the same meaning:
 stimulus, restraint, sustainable,⁽¹⁾ absorbs, commitments,⁽²⁾ submitted, authorizing,⁽³⁾ principally,⁽⁴⁾ review⁽⁶⁾
 (b) Illustrate the meaning of any **five** of the above words by using them in sentences of your own construction.
 (c) Explain the difference between a "calendar" year and a "financial" year.
 (d) Carefully examine the punctuation in **either** Section 3 (especially capital letters) **or** Section 5 (capital letters, colon and semicolon) in readiness for a dictation test.

2. (a) When and by whom is the Budget presented?
 (b) What does the Budget set out to do?
 (c) Make a list of all the factors mentioned in the passage that the Chancellor has to bear in mind when drawing up the Budget.
 (d) Why is it necessary for the Government to look ahead for many years when drawing up Budget plans?
 (e) Under a suitable heading, construct a labelled diagram to illustrate the procedure involved from the time a Government Department begins to prepare an Estimate to the time the House of Commons gives it approval to that Estimate.

- (f) Give Section 4 a heading.
- (g) Although they are not mentioned as such, two types of taxes are referred to in Section 4: *Direct* taxes and *Indirect* taxes. Give an example of each type of tax, and then state the Department responsible for collecting it.
- (h) The information given in Section 4 about the 1963-4 Budget Estimates is, without doubt, best expressed in diagrammatic or tabular form. However, as an exercise, re-write the information **in your own words**.

Note.— To facilitate the easy and correct interpretation of your work, good paragraph structure and punctuation will be essential;

— to avoid monotony of style, vary your sentence structure.

- (i) What three important questions has the Chancellor of the Exchequer to ask himself when preparing the Budget?
- (j) Construct a diagram to show from where and on what the Chancellor receives advice.
- (k) Under a suitable heading for Section 6, state
 - (i) in what ways is the Chancellor's job today more complicated than in, say, Gladstone's day;
 - (ii) what action the Chancellor can take to boost the economy. Explain how this method works.
- (l) **In your own words**, describe the procedure followed once the Budget proposals are presented to the House of Commons by the Chancellor.
- (m) Under the title *Preparing the Budget* construct a diagram to show the procedures involved before the Chancellor finally presents his Budget to the Commons. The diagram should show the parts played by (i) the Chancellor, (ii) the officials at the Treasury, and the Departments of Inland Revenue, and Customs and Excise (Advice), (iii) other Departments (Estimates), (iv) the House of Commons.

RESEARCH

In each case acknowledge the sources of your information.

3. (a) Write a "potted" biography of the present Chancellor of the Exchequer.
- (b) Give the dates when Gladstone was Chancellor of the Exchequer. Under whom did he serve?
- (c) Make a list of the main provisions of the last Budget.
- (d) Make a list of at least **twenty** Government departments. In each case give the name of the Minister in charge, and state whether or not he is a member of the Cabinet.
- (e) Although budgets are usually presented to the House of Commons in April, there have been occasions when additional budgets have been introduced at other times during the year. Give **two** examples of such *interim* budgets, stating who introduced them, and why.

INCOME TAX

The amount of income tax that a person pays depends on two factors — the amount of money he earns, and his Income Tax Code Number. This Code Number depends on the allowances the person receives on his income, i.e. his tax-free income. To find out his Code Number, all he has to do is add up these allowances, and check the total against a prepared chart for the current year. This *List of Codes* (Form P3), together with a *Notice of Coding*, is usually sent to each tax-payer yearly.

These allowances are tax free, and it is only the income above the total of these allowances that is taxed — at rates varying from 4s. 0d. in the £ on the first £100 and 6s. 0d. in the £ on the next £200 to 8s. 3d. in the £ for the remainder. Above £2000 super tax is payable. This ranges from 2s. 0d. in the £ at £2000 to 10s. 0d. in the £ above £15,000. The *Standard Rate* of 8s. 3d. in the £ is paid *in addition* to super tax, i.e. at, say, £20,000 p.a. tax is paid at the rate of 18s. 3d. in the £.

But what are these allowances that determine one's Code Number? The main ones are as follows:

- (a) *Personal Allowance.* This stands at £220 for a single person and £340 for a married man.
- (b) *Child Allowances.* £115 for each child under 11 years; £140 for each child between 11 and 16; £165 for a youth over 16 if he is undergoing full-time education or training.
- (c) *Life Insurance Premiums.* On premiums over £25 p.a. an allowance of two-fifths is given; on premiums *under* £25 p.a. £10, or the amount of the premium is allowed, whichever is the lower.
- (d) *Interest to Building Societies.* A proportion.
- (e) *Dependent Relatives.* Usually £75.
- (f) *Expenses.* For most people these are fixed in consultation with the trade union or professional body involved.
- (g) *Superannuation.* A proportion.

ASSIGNMENT

- (I) From your local Income Tax Office, obtain a Form P3 (List of Codes) for the current year. With this, work out your own Code Number, and then those of the following persons:
 - (a) A 17-year-old unmarried apprentice who is allowed £10 expenses for protective clothing.
 - (b) A married man with three children (aged 3 years, 7 years and 14 years) who pays £40 p.a. on an insurance policy, and who is allowed £18 expenses. (Your result here will be an approximation only, as a proportion of the amount the family receives in Family Allowances is deducted from the Income Tax allowances.)
 - (c) A bachelor whose job as a salesman allows him an expense account of £120; he claims the full allowance for his dependent mother; he pays £70 premiums on a life assurance policy; he is allowed £46 on the £60 he pays into a superannuation fund.
- (II) Complete Table 3 by inserting the amount of taxable pay and the income tax paid in each case.

TABLE 3

Earned income	Total allowances†	Taxable pay	Income tax
£840	£560	£280	£74*
£670	" "		
£1750	£800		
£530	"		
£970	£560		

* £100 at 4s. in £ (£20); £180 at 6s. in £ (£54) = £74.

† Figures include earned income relief.

(III) Write a paragraph on each of the following:

- (i) earned income allowance;
- (ii) wife's earned income relief;
- (iii) deductions from allowances.

(IV) The following quotation is attributed to Sydney Smith (1771-1845). Examine it carefully and rewrite it, replacing the out-dated phrases and examples by modern ones:

"The schoolboy whips his taxed top — the bearded youth manages his taxed horse, with a taxed bridle, on a taxed road — and the dying Englishman, pouring his medicine which has paid seven per cent, into a spoon that has paid fifteen per cent — flings himself back upon his chintz bed, which has paid twenty-two per cent — and expires in the arms of an apothecary, who has paid a licence of a hundred pounds for the privilege of putting him to death."

DISCUSSION TOPICS

(I) "A balanced budget is the aim of every orthodox Chancellor."

The operative word here is *orthodox*, the statement implying that the *unorthodox* Chancellor would not necessarily balance his budget. How is it possible for a Chancellor to do this? What would be the results of (i) a surplus and (ii) a deficit budget?

(II) *Indirect taxes* (Customs and Excise duties, purchase tax, and certain local taxes) are more fair than *direct taxes* (income tax, profits tax and death duties) because at least one has the option of not paying all of them — provided, of course, that one is prepared to give up some of the luxuries of modern living. Income tax, on the other hand, is unfair for it is not optional, and is very "progressive" — the more one earns, the more one must pay in proportion. Do you agree with this?

(III) "A 'progressive' tax system — as in operation in this country — does not act as an incentive for people to 'get on', and is therefore a bad system." Discuss the advantages and disadvantages of such a system. Are there any modifications you can suggest? What would be the results of adopting the system you suggest?

(IV) Do you think it fair that a family man with a taxable income of, say, £1000 (£100 at 4s., £200 at 6s., and £700 at 8s. 3d.) has his income tax bill lowered by £ $\frac{115 \times 8s. 3d.}{20}$ should his wife have another child; whereas a man who pays no income tax (perhaps because of high allowances or a low wage) does not benefit in this way should *his* wife have another child? Perhaps the system should be changed so that no children's allowances for income tax purposes are made, this to be replaced by increased family allowances or something similar.

4. *Banking in the United Kingdom*

IN THE United Kingdom — as in practically all of the economically advanced countries of the world — the banking system falls into three parts: the central bank, the commercial banks, and the various ancillary institutions of a more specialized nature. (1)

The central bank in this country is the Bank of England, incorporated by Royal Charter in the late seventeenth century, and finally nationalized by the Bank of England Act, 1946.

Unlike the commercial joint-stock banks, the Bank of England does not exist primarily to make a profit: rather, its main function is to co-ordinate the application of the Government's financial policy. Here, the manipulation of the Bank Rate — a major factor determining interest rates throughout the country — is very important. Besides being the Government's bank, the Bank of England is also the bankers' bank, for all commercial banks must deposit a certain proportion of their cash reserves at the central bank. It is also the central note issuing authority, and the main agent for maintaining relations with the central banks of foreign countries. (2)

The commercial banks, which carry out by far the largest part of the banking business *within* the country, are joint-stock, limited liability companies, and as such exist not primarily to offer a service — although they generally offer a very good one — but to make a profit. Unlike the system in the USA, commercial banking in this country is controlled by a small number of banks with a large number of branches. With the exception of the "Big Five" (the Midland, Barclays, Lloyds, National Provincial and Westminster — each with over a thousand branches) there are very few provincial joint-stock banks of any real significance. (3)

Another feature of British banking worthy of note is the large number of transactions — many of them very small — that are

carried out by cheque, even though a 2d. stamp duty has to be paid on each one. It is interesting to note that the average daily value of cheques passing through the London and Provincial Clearing House is around the £1,000,000,000 mark; and many cheques, for various reasons, do not pass through clearing houses.

A person opening an account at a bank has a choice of two types of account — *current* or *deposit*. If the former is chosen, the depositor is given a cheque book and may draw on his account at any time, i.e. he is given financial liquidity, besides being able to go *into the red*. To counterbalance this advantage, the depositor receives no interest on his deposit; in addition, he has to pay bank charges. On the other hand, whereas no bank charges are payable for a deposit account, and interest (normally 2½ per cent) is paid, the depositor forfeits his right to immediate access to his deposit. (4).

As one of the main features of a bank is to accept deposits, mention must be made of two banks specially provided to offer saving facilities for the lower income groups — the Post Office Savings Bank and the Trustee Savings Banks. Trustee Savings Banks are controlled by boards of honorary trustees and managers. Two-thirds of the funds deposited with them — the "ordinary" deposits withdrawable on demand or at short notice — are invested in Government securities and are guaranteed by the Government. The remaining third — the "special" deposits withdrawable at notice — is invested elsewhere, and is not guaranteed by the Government. The rate of interest on "special" deposits, however, is higher. There are approximately 1400 Trustee Offices with over 8 million depositors. The Post Office Savings Bank, established in 1851, has grown to become the largest organization of its kind in the world. Its 22 million active accounts are guaranteed by the Government. (5)

Credit facilities in addition to those offered by the banking system are provided by specialized institutions: the Discount Market, Finance Corporations, hire purchase finance companies, the Stock Exchange, Investment Trusts, Building Societies, and the Insurance Market. (Either because they are dealt with elsewhere in this series or else because of their very specialized nature, several of these institutions need not concern us here.) (6a)

The Finance Corporations (there are four main ones in this country) are limited liability companies, whose affairs are informally supervised by the Government. Their main function is to supply funds to Industry, Commerce and Agriculture where no easy access is available to normal credit facilities. (6b)

Of the several Stock Exchanges in this country, the London Stock Exchange is by far the most important. In fact, it is one of the two most important in the world. It has a dual function: it enables any holder of *quoted* stocks or shares to find a buyer for his securities; it is an important instrument to enable the Government or Commerce to raise new capital. (6c)

Investment and Unit Trusts are organizations that spread their risks by investing in a very large variety of industries and commercial concerns. Individuals may then invest sums ranging from, say, £10 to several thousands of pounds. It is in many ways a first-class way for the small investor looking for security to invest his money. (6d)

Building Societies, which supply long-term loans on the security of dwelling houses, form another important credit agency. In general, the funds of these building societies are obtained from the general public, who either invest in shares or deposit funds with them. These shares are not dealt with on the Stock Exchange and may be cashed if sufficient notice is given. The way in which these companies conduct their business is prescribed by Statute. (6e)

1. (a) Find a suitable synonym for each of the following words that are used in the passage:

ancillary,⁽¹⁾ function, manipulation,⁽²⁾ forfeit,⁽⁴⁾
guaranteed,⁽⁵⁾ prescribed.^(6e)

(b) Write sentences to illustrate the meaning of any **five** of the above words.

(c) Explain what is meant by the following economic terms:

(i) joint-stock company, ⁽²⁾	(ii) limited liability, ⁽³⁾
(iii) a clearing house, ⁽⁴⁾	(iv) financial liquidity, ⁽⁴⁾

(v) in the red,⁽⁴⁾ (vi) honorary trustees,⁽⁶⁾
 (vii) quoted stocks.^(6c)

(d) Complete Table 4 by inserting the nouns, verbs and adjectives derived from the words already in the table:

TABLE 4

Nouns	Verbs	Adjectives
Application ⁽²⁾ authority ⁽²⁾	exist ⁽²⁾	Central ⁽¹⁾ commercial ⁽²⁾
significance ⁽³⁾	invest ⁽⁴⁾	provincial ⁽³⁾
organization ⁽⁵⁾	prescribed ^(6a)	quoted ^(6c)

(e) Study the punctuation and spelling in Section 1 in readiness for a dictation test.

Note.—Adverbs are generally made by adding the suffix -LY to adjectives: e.g.

adjectives	adverbs
quick	quickly
correct	correctly
slow	slowly

However, when the adjectives already end in "l", the adverbs contain two l's: e.g.

total	totally
punctual	punctually
formal	formally
general	generally

usual	usually
beautiful	beautifully
skilful	skilfully

2. (a) Find a suitable heading for Section 2, under which write a list of the functions of the Bank of England.

(b) Place Section 3 under a relevant heading.

(c) What are the main differences between commercial banks and the Bank of England?

(d) What are the main features that characterize the British commercial banking system?

(e) Give Section 4 a heading and each of its two paragraphs a sub-heading.

(f) Can you suggest a reason why many cheques do not go through clearing houses.

(g) In tabular form, show the advantages and disadvantages of *current* and *deposit* accounts.

(h) Give the information given in Section 5 in diagrammatic form. Give the diagram a suitable title.

(i) Find a relevant heading for Section 6.

(j) Make a list of institutions, other than banks, that offer credit facilities.

(k) Give the main functions and characteristics of:

- (i) Finance Corporations,
- (ii) the London Stock Exchange,
- (iii) Investment Trusts,
- (iv) Building Societies.

(l) Draw a diagram to illustrate the structure of British Banking.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Complete Table 5:

(b) Give the full names, numbers of branches and head office addresses of any **five** provincial commercial banks — other than the "Big Five" — that have over a hundred branches.

(You are advised to construct a table patterned on that of Table 5.)

TABLE 5

Name of bank	No. of branches	Head office address	Address of local branch
Midland			
Barclays			
Lloyds			
National Provincial			
Westminster			

(c) Find the following information about the Bank of England:

- the year the Bank received its Royal Charter;
- the present Governor;
- the present chief cashier;
- any **five** British cities that have branches of the Bank of England.

(d) Who was Chancellor of the Exchequer when the Bank of England was nationalized?

(e) What is the present Bank Rate?

(f) Find as much information as you can about (i) National Saving Certificates and (ii) Premium Savings Bonds.

(g) State the maximum amounts of money one may deposit in

- a Post Office Savings Bank;
- National Savings Certificates;
- Premium Savings Bonds;
- the "Ordinary" Department of a Trustee Savings Bank.

- (h) Give the full name and address of your nearest Trustee Savings Office.
- (i) Give the full name — and under each make a list of the main features — of the four Finance Corporations mentioned in 6b.
- (j) Name **five** important British building societies.

DISCUSSION TOPICS

- (I) How much truth do you think is contained in the following statement by Mark Twain? — “A banker is a fellow who lends you his umbrella when the sun is shining and wants it back the minute it begins to rain.”
- (II) “It is the primary aim of a commercial bank to make a profit for its shareholders.” Discuss. Should commercial banks be brought under State control or ownership?
- (III) When the Bank Rate is raised, it becomes more expensive for businesses to borrow from banks; when it is lowered, borrowing becomes easier. When the former occurs, then business activity is restricted; when the latter happens, the economy is given a boost. This is another way (other than budgetary methods) in which the Government can control the economy. Thus it is that the Bank of England, as the central bank, has an important part to play in controlling the economy. Keeping this in mind, do you think that the Labour Party was right in nationalizing it in 1946? It could be argued that bankers are sufficiently public spirited to take the best action for the economy without interference from the State.
- (IV) In recent years there has been a general movement towards paying wages and salaries directly into banks. What are the advantages and disadvantages of this system, compared, say, with a weekly wage packet?
- (V) In the not-so-distant past — and to an extent today — cheque books were classed with sports-cars and motor-boats as status symbols. Now, it is a privilege open to most people. What advantages are there in using a cheque book? Are there any dangers in the system?

VI) The passage deals with the structure of the British banking system, but it tells us little about the part played by banks in the nation's affairs. What functions, in actual fact, do banks perform, and who benefits? What do the bankers get out of it? What advantages are there for industry and business? What's in it for the working and middle classes?

5. Insurance

When an uninsured loss happens, it falls heavily on you (or on your family if unfortunately you die) or on your firm, but if you have insurance in force the risk is spread.

You pay a contribution, called a premium, into a pool, out of which those who suffer loss are compensated. This is an oversimplification, but it explains what insurance does in practice, and that is what is important to you. It was aptly described in the quaint language of an Act of Parliament of 1601 — "... by means of which policies of assurance . . . there followeth not the undoing of any man, but the loss lighteth rather easily upon many than heavily upon few, and rather upon them that adventure not than those that do adventure, whereby all merchants, especially the younger sort, are allured to adventure more willingly and more freely".

Some uninsured losses can cause financial ruin — "the undoing of any man" — particularly if legal liability to others is incurred. There is no monetary limit to what may be awarded by the courts. Large awards following motor vehicle road accidents have set the fashion, and people are nowadays claims-conscious. When a person is injured, whether or not on the public highway, his first thought is who can be blamed and then what can be got by way of damages. He does not hesitate to start an action for damages, on account of *litigitis* or the *compensation complex*. It follows that insurance is invaluable as the best way to provide for the satisfaction of awards of damages. (1)

Insurance not only spreads risk: it also encourages enterprise. The Industrial Revolution of the eighteenth and nineteenth centuries with the use of machinery in industry in place of manual power and the building of large factories meant that more and more importance was attached to capital. Insurance was necessary to

protect that capital and many of the other risks of large-scale production. Such protection, in turn, made possible the extension of the industrial and commercial unit, and this led to risk accumulation. The huge modern open-plan factory covering a large area enables fire to sweep from one end of the building to the other, whereas even partitions delay such spread. (2a)

The liner *France* is insured for over £25 million. Such a ship-building enterprise would be impossible without insurance, because there is always the risk of a total loss. The *Titanic*, which was thought to be unsinkable, went to the bottom of the ocean on its maiden voyage in 1912, and the *Andrea Doria* disaster of 1956 and the *Lakonia* disaster of 1963 are more recent examples. No company however large would contemplate such a concentration of risk in what is called "any one bottom" without marine and other types of insurance.

In this new atomic age risk and enterprise have increased to an extent never before conceived. Atomic reactors may be insured for £40 million or more, and if there were a serious radioactive "fall-out" the possible loss or damage defies imagination.

This should surely impress you with the value of insurance in the modern world. It plays its part whether in your affairs as an individual or in those of the large company or the nation generally. (2b)

Insurance encourages enterprise in another way. Insurers, by the nature of their business, accumulate large funds. These funds are not profits, but are held by insurers as custodians; indeed, they are not literally held, but are invested, and in this way enterprise is encouraged. Insurers invest over a wide range, including real property. The housewife who pays 6d. or 1s. per week to the industrial assurance agent may be helping many productive investments in the national interest. (2c)

Insurance is bought and sold in a market just as trade is carried on in material goods. In practice, however, insurance is sold rather than bought, because as you will agree one often has to be persuaded to insure — the demand has to be created by the salesman. You must obtain the necessities of life, such as food and clothes, and you are anxious to buy motor cars and other luxuries. All these things can

be handled and used to advantage; they bring you as a rule immediate satisfaction. By contrast, insurance relates to a promise to pay at some future date — it is hardly as exciting as getting a TV set — indeed, the only tangible thing you receive immediately is a document called a policy. You rarely even read it when received, although it usually contains a prominent notice asking you to read the document and to return it if any correction is necessary. (3)

The insurance market includes buyers, sellers, and middlemen (or intermediaries), as are found in any commodity market. The London insurance market is still the leading insurance market in the world. It has grown on solid foundations and has thus weathered many wars and other crises. It emerges from two recent world wars with added strength so that in 1961 the premium income received per annum was over £1,177,880,000 and the total investments exceeded £7,315,480,000. These figures relate only to those companies (about 95 per cent of the whole) which are members of the British Insurance Association, and they do not include the business of Lloyd's underwriters. (4)

(Dinsdale, W. A.,† *The Pan Book of Insurance*, Pan Books, 1964.)

1. (a) Find words in the passage that mean:

- (i) recompense, (ii) tempted, (iii) hinder,
- (iv) endeavour, (v) guardian.

(b) Illustrate the meaning of any **five** of the following words as they are used in the passage:

contribution,⁽¹⁾ accumulation,^(2a) concentration, conceived,^(2b) tangible, prominent,⁽³⁾ emerged, exceeded.⁽⁴⁾

(c) Explain what is meant by the following:

- (i) legal liability,⁽¹⁾
- (ii) productive investments,^(2c)
- (iii) premium income.⁽⁴⁾

(d) Why has the author used italics for *litigitis* and *compensation complex*?⁽¹⁾

†Dr. Dinsdale is Director of Education at the Chartered Insurance Institute.

2. (a) Basic to insurance is the idea of "spreading the risk". Explain this.

(b) In your own words, rewrite the quotation (Section 1) from the 1601 Act. What, in fact, was the Act trying to encourage?

(c) Why, according to the author, are people nowadays more "claims-conscious"?

(d) What are the two ways mentioned in the passage by which insurance encourages enterprise?

(e) Make a list of examples given by the author to support his belief that insurance is essential if large commercial undertakings are to exist.

(f) Explain why — considering that it is such a good thing — insurance is sold rather than bought.

(g) In what ways is the insurance market similar to any commodity market?

(h) There are two main types of insurance — Life Assurance and Non-Life Insurance. The "Life" companies collect money weekly or monthly, and pay it back only after a lifetime; consequently they have a large annual premium income to invest. Where do they invest this money; and who benefits, (a) the policy holders, (b) the insurance companies, or the economy as a whole?

RESEARCH

In each case, acknowledge the source of your information.

3. (a) Find the address of (i) the British Insurance Association, and (ii) Lloyd's of London.

(b) Name **ten** nationally known insurance companies.

(c) Find out the following information about the liner *France*: (i) its tonnage, (ii) its owners, and (iii) the flag under which it sails. Give the name of **two** passenger liners and **two** oil tankers of a higher tonnage than the *France*.

(d) By looking up reference books and contemporary newspapers, find out as much as you can about any **one** of the following disasters at sea:

- (i) The *Titanic* (1912);
- (ii) The *Andrea Doria* (1956);
- (iii) The *Lakonia* (1963).

DISCUSSION TOPICS

- (I) The fact that insurance companies exist in a welfare State, reflects the fact that State Insurance Schemes are not sufficiently comprehensive to satisfy large sections of the community. Bearing this in mind, do you think that State Insurance should be extended; or should the State nationalize the insurance companies and so take over their functions? Or does the State do too much for people already? How would nationalization of the insurance companies affect their structure? To what extent do you think "rationalization" of organization would take place under nationalization?
- (II) How far do you think the State should go in making certain types of insurance compulsory? At the moment, for instance, the motorist must satisfy the insurance requirements of the Road Traffic Act. Do you think this is enough? Or should full cover be made compulsory? The only compulsion on house-owners to insure is exerted by building societies on people with mortgages.

6. Car Insurance

IS COMPREHENSIVE car insurance an expensive luxury? If you think it is, you may have been tinkering with the idea of reducing to third-party only. Is this wise? Various factors are involved. The value of your car is a major consideration. If you own a new or fairly new car, then comprehensive cover should be taken. Really it depends on how much money you are prepared to risk. To assess the matter properly, look on the black side and imagine your car a total write-off following a skid on ice, no other vehicle being involved. Suppose your car is worth, say, £150. Can you stand the loss of this amount? Of course, you could argue that as you're a careful and considerate driver there's only a remote chance that this could happen to you. So why not, you say, enjoy the cut in premium and take a gamble with third-party cover? Also, you add, in the majority of accidents another vehicle is involved — and the other driver is invariably to blame! So any accidental damage can be recouped from the other person. (1)

All this is feasible, but perhaps we ought to re-cap and delve a little deeper. Confusion does arise in many motorists' minds as to what exactly third-party cover entails.

Put simply, full third-party insurance covers you against any claim from another person for injury or damage to his property. But — and this is the big snag — you have no cover for any accidental damage to your own car.

With third-party cover, if your car gets damaged in a collision with another vehicle and you feel the other driver is in any way to blame, then send him a letter holding him responsible. Enclose an estimate for your repair costs. Ask him to pass your letter and estimate to his insurance company without delay.

In any accident, try to grab at least one independent witness and obtain his name and address. Sometimes without supporting evidence from a witness your case may fail, as otherwise it might be your word against the other driver's. If the two accounts of the accident vary, as often is the case, then which side is to be believed? That's the difficulty in the absence of a reliable witness. (2)

You can, of course, add fire and theft cover to third-party for very little extra premium. This is quite popular, as cars occasionally catch fire and thousands are stolen. Going the other way, third-party insurance may be restricted to Road Traffic Act (RTA) cover only. The law says that a driver has to be insured against claims for personal injury only. This restricted cover is rarely opted for. When it is applied it is usually because an insurance company is not prepared to offer any wider cover. For instance, a driver with a long string of accidents may be faced with RTA cover; sometimes an elderly driver also has to accept it as the only cover available because of his age. (3)

Let's assume you decide to have full third-party cover. This might save you £15 a year in premium. Say you go for 5 years without accident. You thus have £75 in hand. You could argue that this should cover you against any claim you might have in the sixth year, apart from a write-off or a really major smash-up. The point is — would you be sufficiently strong-willed to store up this premium saved to guard against the possible accident? It's a thought anyway! (4)

There's no cut-and-dried solution. It's purely an individual choice as to comprehensive or third-party. You certainly save a fair amount in premium if you take the latter, but it could turn out in the event of a smash to be false economy.

Consider carefully before you take the plunge. (5)

(Vann, John C., *Pros and Cons of Full Car Insurance*, *Yorkshire Evening Post*, 16 March 1964.)

1. (a) In the space provided, give the meanings of the following words that are used in the passage;

comprehensive ⁽¹⁾	
assess ⁽¹⁾	
considerate ⁽¹⁾	
recouped ⁽¹⁾	
feasible ⁽²⁾	
delve ⁽²⁾	
premium ⁽³⁾	
opted ⁽³⁾	

(b) Use any **five** of the above words in sentences to show that you can use them correctly.

(c) The word "re-cap" is an abbreviation, but of what?

(d) Explain what is meant by:

- (i) "supporting evidence";⁽²⁾
- (ii) "restricted cover";⁽³⁾
- (iii) "false economy".⁽⁵⁾

(e) Replace the final sentence by a well-known English proverb of the same meaning.

(f) Why are italics used for a section of the second paragraph?

2. (a) In **your own words**, define the following:

- (i) comprehensive insurance;
- (ii) third-party insurance; and
- (iii) Road Traffic Act cover.

(b) In what circumstances are you advised to take out a comprehensive insurance policy?

(c) Make a list of (i) the advantages and (ii) the disadvantages of taking out third-party cover.

(d) What is the minimum car insurance cover allowed by law?

(e) If — having third-party cover only — you are involved in a crash for which the "other" driver is responsible, what procedure are you advised to follow?

(f) After being involved in an accident why should you try to

"grab at least one independent witness and obtain his name and address"?

(g) For a small extra payment, a third-party policy may be extended to cover two other unforeseen contingencies. What are they?

(h) What, according to the author, is the one big snag of third-party cover?

RESEARCH

Choose a specific model of a car or motorbike and find out how much it would cost to insure it under the policies mentioned below. Enter your findings in Table 6.

TABLE 6

Make, model, year and price of vehicle			
Name and address of insurance company			
<i>Policy</i>			
RTA	£	s.	d. per annum
Theft/Fire	£	s.	d. per annum
Third-party	£	s.	d. per annum
Comprehensive	£	s.	d. per annum
Bonuses (in percentages)			

7. *House Insurance*

IN BRITAIN today, approximately 42 per cent (or almost 7 million) of the total number of properties are owner-occupied. But it is not only the members of this owner-occupier group who stand to lose should fire destroy their homes, for even those who live in rented dwellings — whether they be privately or council owned — have much to lose in the way of contents. If the reader casts doubt on this, then a rough estimate of the value of the contents of any one room should be sufficient to convince him of its truth. Think of the value one tends to concentrate in the kitchen — the furniture, cooker, fridge, dishwasher, vacuum cleaner, dishes. How much does it cost to furnish a sitting-room? Generally speaking, it is usually more than one realizes. There is the carpet to consider, the furniture, the TV, radio, recordplayer, paintings, ornaments, and so forth. In many houses, especially older ones occupied by young couples, the contents are more valuable than the houses themselves. What is the value of your clothes? Again, it is more than you would wish to replace out of your own pocket. (1a)

But fire is not the only risk that one is open to: burglars have been known to rob; intruders often show scant respect for the tastes one has displayed in furnishing and decorating; a visitor or passer-by injured — perhaps severely — by your negligence might claim damages from you. Considering that there are no limits to the amounts the Court may award in such cases, protection is a good thing to have. And we must not forget our old friend, the British weather: that, too, can cause sufficient damage to hurt our purses if we are not protected by insurance. (1b)

It is easy to be wise after the event, but to show wisdom before it is another matter altogether. Yet, considering how easily and cheaply protection can be bought (it is possible to have comprehen-

sive cover of buildings and contents in one policy) it is hard to think that so many people are either not insured at all, or are unsuitably insured. (1c)

Let us deal first with house policies on buildings. Under this type of policy, the following items are insured: one's private house, domestic offices, stables, garages, domestic outbuildings, landlord's fittings and fixtures, walls, gates and fences. For the policy holder's part, he must insure to the full value (i.e. *re-instatement value*) of the property should it burn to the ground. *Re-instatement* value differs from *market* value in many ways. For one thing, the price of the land need not be included in *re-instatement* value, because ground simply does not burn. To be included, however, is the cost of clearing the ground of debris, and architects', surveyors' and legal fees, all of which tend to be high. (2a)

Another matter that needs to be considered is the question of construction. Most insurance brokers will ask for details of this, but even so it is wise to examine your policy carefully, and check the construction warranty. Most houses — being built of stone and slate — come under the "massive construction" warranty, but half-timbered houses, on the other hand, do not; here, the fire risk being greater, insurance premiums are higher. Thatched houses come into a special category. Stone or brick houses that have exterior cedar facings come under the "massive construction" warranty. After all, there is more wood by way of furniture on the inside than on the outside. (2b)

Should damage to other people's property be caused by your negligence, then you might find yourself legally liable for that damage. A fire in a terraced house might spread to the two adjoining houses. The same applies to one in a flat or a semi-detached. Protection against contingencies like these will generally be found in the public liability section of a comprehensive policy. (2c)

On an ordinary household policy on buildings, one is for as little as 2s. 6d. per cent covered against: loss or damage by practically every conceivable means (except, generally, war and radioactive fall-out); loss of rent (up to 10 per cent of the value insured) while the insured property is uninhabitable; the breaking of fixed glass

and sanitary fittings; and damage to underground water and gas pipes, and electric cables. Furthermore, the property owner's liability against accidents on or about the building, resulting in bodily injury or damage to the property of third-parties is covered up to £100,000. Usually, the first £15 of every loss is excluded when it relates to damage caused by storm, tempest, flood and burst pipes. If you so wish, of course, this first £15 may also be insured, but it means a substantial extra premium. (2d)

So far we have dealt with household policies on *buildings*. Now we must turn to the policies covering *contents*. Under a household policy on contents one may insure practically all household goods and personal effects — except those covered by a buildings policy — whether they belong to the policy holder or to members of his family residing with him. (3a)

Again care has to be taken to insure for the full value; but *full* value here does not mean *re-instatement* value. It means, instead, the value of the contents at the time the insurance is taken out, suitable allowances being made for depreciation through wear and tear. To help you to decide the amount to insure for, make an inventory of the goods in the house and, having done that, deposit the inventory and the policy in some safe place — possibly a bank. The reason for this precaution should be obvious to the reader. Incidentally, should difficulty be found in making an inventory, then your insurance broker will supply you with a chart which lists furniture, curtains, clocks, wall mirrors, fittings and so on — in fact, many of the things people tend to forget about. (3b)

For 5s. per cent on full value one can obtain more or less comprehensive cover against damage to or loss of contents. To add to this, there are certain "fringe" benefits, such as loss of rent while the property is being re-instated and/or reasonable additional expenses at an hotel up to 10 per cent of the sum insured; public liability up to £100,000 or half the sum insured — for the violent death of the insured person (or husband or wife) caused by burglary or fire. (3c)

For special items — such as collections, say, of stamps or coins, or expensive items such as antiques or paintings — special arrangements can be made. (3d)

One thing remains: Personal Liability Insurance. For the nominal sum of 10s. per annum the policy-holder, his wife and all the members of his family normally residing with him are given insurance cover up to £100,000 plus legal expenses for claims brought against any of them for accidents caused by their negligence. In an age when the general public is becoming more and more claims-conscious, it is not an unwise decision to invest 10s. each year to buy the protection offered by a Personal Liability Insurance Policy. (4)

1. (a) Without altering the meaning of the passage in any way, replace each of the following words by a suitable synonym:
approximately, estimate, concentrate,^(1a) respect, displayed, negligence,^(1b) re-instatement,^(2a) category,^(2b) contingencies,^(2c) conceivable,^(2d) depreciation, inventory.^(3b)
- (b) In your own words, explain what is meant by the following terms:
 - (i) construction warranty;^(2b)
 - (ii) 2s 6d. per cent; ^(2d) and
 - (iii) insurance broker.^(3b)
- (c) Differentiate between the following terms:
 - (i) architect and surveyor;
 - (ii) personal liability and public liability.
- (d) Explain what is meant by the grammatical term *Litotes*, then pick out two examples from Section 1b to illustrate your answer. Is the use of this particular Figure of Speech effective?
- (e) Study the punctuation of Section 2a in preparation for a dictation test. You should know the purpose of each mark used.

2. (a) By finding a suitable heading for each section, and sub-heading for each sub-section, construct a plan of the above passage.

- (b) What method does the author use to get across to the reader the importance of insurance?
- (c) Property is open to many risks. Make a list of the ones mentioned in the passage.
- (d) What prompts the author to state that "it is hard to think that so many people are either not insured at all, or are not suitably insured"?
- (e) Under a suitable heading, make a list of the things insured under a house policy on buildings.
- (f) How does *re-instatement* value of property differ from *market* value?
- (g) What are the three types of construction warranty mentioned in the passage? How does each one affect fire insurance premiums?
- (h) Rewrite Section 2c **in your own words**.
- (i) What is the annual premium on an ordinary household policy covering buildings insured for £3450? Explain your answer.
- (j) Give a list of the contingencies against which cover is given in a house policy on buildings.
- (k) **In your own words**, define a household policy on *contents*.
- (l) In a policy covering buildings, *full* value means *re-instatement* value. What does it mean in a policy covering contents?
- (m) What would the annual premium be should one insure the contents of a house for £1850 under a comprehensive policy?
- (n) Make a list of the accidents against which one is protected by a comprehensive policy on contents.
- (o) Having defined the term *Personal Liability Insurance*, state why the author advises one to take out such a policy.

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Complete Table 7 by inserting in each column the cost per cent to insure each type of building and its contents under (a) fire only, and (b) comprehensive insurance policies.

TABLE 7

Type of construction	Cost per cent for insuring BUILDINGS		Cost per cent for insuring CONTENTS	
	Fire only	Comprehensive	Fire only	Comprehensive
Massive construction		2s. 6d.		5s. 0d.
Half-timbered				
Thatch-roofed				

(b) Is your house insured? If so, give

- (i) the name and the address of the insurance company;
- (ii) the amount for which the house is insured (Compare this with the estimated re-instatement value of the house);
- (iii) the annual premium. (Is the house insured for fire only or is it covered by a comprehensive policy?)

Are the *contents* covered? If so, state

- (i) whether they are insured under the separate policy;
- (ii) the sum covered, and the annual premium;
- (iii) the risks covered, whether fire only or comprehensive;
- (iv) whether or not there is 100 per cent cover; or has the first £15 to be paid by the policy holder?

(c) Make inventories of (i) the contents of *either* the kitchen or the sitting-room in your home, and (ii) your clothes. Having done that, work out the approximate total re-instatement and current value of the goods that appear on the lists.

8. House Purchase

THERE are various ways of approaching house purchase, but, to my mind, only one sensible way if disappointment and overspending are to be avoided.

With little or no capital and the mistaken notion that a mortgage is advanced on the value of the house and nothing else, many a young couple find themselves committed to buying property, the purchase price of which they cannot hope to raise easily. What can they do? They might escape with the loss of their deposit or they might have to re-sell, possibly at a loss. What they usually do is rush round trying to raise money on any terms they can get. Some lenders are prepared to take big risks for high interest rates, irrespective of the fact that they will cripple the borrower financially. (1)

How much more sensible if this young couple had sat down beforehand and worked out exactly what they *could* afford. It is not difficult to acquire a fair working knowledge of expenses before starting on the search. This saves many hours viewing properties right outside your income group, and ensures that you are not lured into committing yourselves to a £3500 home in an expensive neighbourhood, when the most you can afford is a £2500 semi-detached round the corner. The first thing to look at is your capital. Out of your savings must be paid the following:

- (a) The deposit: usually 10 per cent of the purchase price; if lucky, perhaps only 5 per cent. On the other hand, the valuation could be *below* the purchase price, leaving you with a higher deposit to pay.
- (b) Your own solicitor's fees for the conveyance.
- (c) The building society's legal fees for the mortgage deed.

- (d) The building society's valuation fee.
- (e) Your own surveyor's fee. (It is by no means always necessary to employ your own surveyor, but you should do so if you are in any doubt about the structural soundness of the property.)

For a house costing £2500 with a mortgage of £2250, these charges might well amount to:

Your solicitor's fees	
<i>For the conveyance</i>	£45
Building Society	
<i>Valuation</i>	£6
<i>Solicitor</i>	£15 10s.
<i>Stamp duty</i>	£5 15s.
TOTAL	£72 5s.

On to this total add £2-3 for search fees and anything from £10-15 for your own surveyor's report (if necessary).

In this example, only 90 per cent of the purchase has been advanced on mortgage, leaving the purchaser to pay £250 deposit, so at least £340 would be needed as initial capital. (2)

Having decided that your savings are sufficient to meet these expenses, the next step is to find out what you can safely raise on mortgage, and the first thing to remember is that no reputable building society is going to advance more than you can comfortably afford to repay.

As a guide, the maximum loan to be expected is about three times the husband's basic yearly income, so that to obtain a mortgage of £2500, an income of between £16 and £17 a week is required. Any building society will be pleased to give advice on this point before you start to look for a house, and it would be wise to take advantage of this service. Ask them, too, on what sort of property you would get the best advance. (3)

Armed with this knowledge you are in a strong position to with-

stand the sales talk of an eager vendor, or even more eager agent, whose only concern is to sell.

What sort of house to look for? Obviously one that is not going to cost more than you can borrow, plus what you can put down as a deposit, but a little more budgeting is required before you can narrow down the choice. A number of expenses must come out of your weekly wage packet as well as the "housekeeping" and your mortgage and insurance repayments, for example:

- (1) General and Water Rates.
- (2) Hire purchase — if this is how you are to furnish your home.
- (3) Travelling expenses to your place of work.
- (4) Heating and maintenance costs.
- (5) Possibly a telephone rental. (4)

Your choice of neighbourhood is going to influence some of these costs quite considerably. It is no good, for example, picking a cheap property in an isolated area, if travelling is going to be difficult and expensive and schools and shops some distance away. This is quite apart from the fact that to be cut off from your usual interests and relaxations can cause unhappiness. Nor is it wise to invest in a cheap old property if it is going to cost a fortune to maintain and keep warm. (5)

Here your own surveyor plays a big part. He alone — *not* the agent, *not* the vendor, not even the building society — can tell you what to expect from the structural condition of the house. You pay for advice, see that you seek it from both your solicitor and surveyor before you are committed, and **never** pay a deposit unless it is receipted as **subject to contract**. This ensures its return if you decide against buying; perhaps because your solicitor tells you it is affected by a road widening scheme. (6)

The final selection of a house is bound to be a personal one, influenced not only by your income, but by your needs, likes and dislikes, your ability to keep a garden going, do your own running repairs and decorations and, no doubt, whether you are likely to get on with the neighbours!

Think carefully, choose wisely, never begrudge spending money

on good advice, and there is every chance of making a good investment and a happy home. (7)

(Duveen, P.,† *Home Ownership. Money and Houses*, the Building Societies Association.)

1. (a) Find suitable synonyms for the following words used in the passage, and then use each synonym in a sentence to show you can use it correctly:
committed, irrespective,⁽¹⁾ lured, valuation,⁽²⁾ vendor.⁽⁴⁾
- (b) Give brief, precise definitions of the following:

(i) interest rates, ⁽¹⁾	(ii) the conveyance, ⁽²⁾
(iii) mortgage deed, ⁽²⁾	(iv) search fees, ⁽²⁾
(v) basic yearly salary, ⁽³⁾	(vi) hire purchase,
	(vii) contract.
- (c) Explain what the author means when she refers to

(i) "the structural soundness of a property"; ⁽²⁾ and	
(ii) a deposit "receipted as subject to contract". ⁽⁶⁾	
- (d) Write a paragraph or so on the style, presentation and effectiveness of the article. (For what type of person was the article written? What does it set out to do? Does it succeed?)

2. (a) Give some possible consequences of committing oneself to buying a house without looking into the problem very carefully.
- (b) Give Section 2 a suitable heading.
- (c) Make a list — as complete as you can — of the fees involved in buying a house.
- (d) What important factor determines the amount a building society will lend you?
- (e) Under an appropriate heading, give a list of some of the long-term expenses one must take into account when choosing a house.

†Pamela Duveen is Deputy Principal of the *Daily Mirror Readers' Advice Service*.

- (f) Give some of the factors that make one's choice of neighbourhood so important.
- (g) Why, according to the author, should one employ one's own surveyor to examine the property one intends to buy?
- (h) What factors of a personal nature should one bear in mind when considering house purchase?
- (i) Re-read the passage and then make a complete list of the factors to which the author suggests you give serious consideration before embarking on house purchase.

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Find the local branch addresses of any **three** building societies.
- (b) What is the address of the Building Societies Association? Name the president, the chairman and the secretary.
- (c) What is the present rate of interest charged by members of the Building Societies Association? Compare this with the present Bank Rate.
- (d) A person intends buying a £3500 house for which a 90 per cent mortgage is available. What deposit will that person have to pay; and how much will he have to pay interest on the loan during the first year at present interest rates?
- (e) Find out:
 - (i) the cost of installing a private telephone;
 - (ii) the annual rental charge;
 - (iii) the scale of charges made for calls; and
 - (iv) any extra information, e.g. cost of party lines, coloured telephones, etc.
- (f) Find out the current General and Water Rates in your local authority area.
- (g) A building society is not the only source from which one may borrow money to buy a house. Insurance companies, too, run house purchase schemes, most of which are tied up with endowment or life assurance policies.

In your own words, describe how these schemes work, and mention some of their advantages and disadvantages.

DISCUSSION TOPICS

- (I) If you intended buying a house on a mortgage, would you borrow from a building society, whose rate of interest tends to vary with the Bank Rate, or from a Local Authority, whose rate of interest tends to be fixed? What factors would influence you in your final choice? Would you try to put down a large initial deposit and take a smaller mortgage; or take out a large mortgage, spending your deposit on furniture? How would your income tax be affected by your decision? What furniture and equipment — if any — would you purchase on hire purchase? Do you see a place for second-hand furniture in your home?
- (II) Would you buy a new or an old house? Give some of the possible advantages and disadvantages of each. Are there any grants one can obtain from the Local Authority to improve old property?
- (III) What, to you, would constitute the best possible house you could afford *within your income range*? Where would it be situated; and why? Would it have a garden? Where would you place the garage? How would the kitchen and bathroom be planned? Would furniture — where possible — be fitted or movable? Would you plan for children? What type of heating would you install, and why?
- (IV) What do you think of the idea that local authorities should provide housing accommodation for families — particularly young couples — with no children? Can you put forward a case in support of councils providing bed-sitters for unmarried people? Are there any dangers in this system that the council concerned would have to guard against? Do you know of any authorities that provide bed-sitters?

9. *Hire Purchase*

MOST people buy goods on credit at some time, perhaps a radio set or a bicycle, perhaps something more expensive, like a suite of furniture or a car. Credit enables people to have the goods at once and pay for them out of their later earnings. Provided they do not take on more than they can afford, this is a useful arrangement. But these credit transactions can be quite complicated affairs. Things can go wrong. In some cases, people have suffered hardship because of them.

This article describes the more common kinds of arrangement and draws attention to safeguards which the law provides for the customer. What it says applies to agreements made by people to have goods for their private use or for their business. It does not apply to any agreements involving more than £2000 or to agreements where the customer is a limited company. Nor does it apply to Northern Ireland. *It applies only to agreements made after 1 January 1965. If you have a problem under an agreement made before then, you should seek advice; you may have some — but not all — of the rights explained below.* (1)

There are two main kinds of agreement: hire-purchase agreements and credit-sale agreements. In both, you pay a deposit and instalments. Under hire-purchase, the goods do not become your property until you have paid in full. Until then, they belong to the shopkeeper or the finance company. Under a credit-sale agreement, you pay off the money by instalments in the same way but the goods are your property from the first.

Sometimes, goods are offered simply for hire (that is, on rental). Such goods never become the customer's property and he keeps them only so long as he continues to pay rental for them. There have been cases where people thought they were buying goods on

credit but were in fact only renting them. It is important, when you make an agreement, to be sure what kind of agreement it is. (2)

Agreements are legally binding. It is therefore very important that nobody should sign one of these documents unless he has finally made up his mind. Do not let yourself be hurried by the salesman. Are you quite sure that you want this particular model, or should you go to another shop and see how their goods compare for quality and price? Can you afford the deposit and instalments? (Remember to take into account the other regular commitments you already have, including any existing hire-purchase obligations.) *Never sign a blank form;* make sure that all the details have been filled in.

The terms of these agreements are quite complicated. You can ask for a copy of the proposed agreement to take away and study. If you are not sure what it would mean for you, get expert advice; a Citizens' Advice Bureau will be glad to help.

A hire-purchase agreement must have on it a space for the customer's signature, printed in red, with words warning you not to sign unless you want to be legally bound. No other document you may have signed, such as an order form, or a proposal form, commits you legally to a hire-purchase transaction.

The same is true of credit-sale agreements, except that the legal safeguards apply only to agreements for more than £30. Where the total of the deposit and all instalments is less than £30, there need not be the special space, with warning words, for the customer's signature — and there need not even be a written agreement.

Often the trader passes the business to a finance company. In this case, you will find that your hire-purchase or credit-sale agreement is with the finance company and not with the shop where you got the goods. (3)

If you sign an agreement at your home — or, indeed, at any place except a shop or a showroom, or the office of a finance company — you have for a short time the right to cancel it. You can thus, if you change your mind, cancel an agreement which was presented to you to sign by a salesman who visited your home; the same applies

to an agreement which was sent to you through the post and which you signed at home.

When you sign an agreement, one copy is left with you. A second copy will be sent to you through the post. You have the right to cancel the transaction, provided you do so before the end of the third day after the day on which you receive this second copy. There is no special form to use; you need only write and say you are cancelling the agreement. The copies of the agreement will have on them, in red, an explanation of your right of cancellation, including a name and address to which you can send your letter. *But you must post your letter without fail before the end of the third day.*

You may already have paid a deposit. If you cancel the agreement your deposit must be returned to you. If you have given any goods in part-exchange, those goods — or their value — must also be returned to you. By the time you cancel the agreement, the goods you were going to buy may already have been delivered to you. If so, it is not your responsibility to return them to the trader. You can wait for them to be collected and you need not hand them over unless you receive a written request. Even then, you need not hand them over if any deposit you paid has not been returned or if you have not had back any goods you traded-in or their value. If you prefer to return the goods, you can do so at your own expense.

If you exercise your right to cancel an agreement, you cannot be required to make any payment for the goods — for example, rent for the time you have had them or payment for wear and tear. You might be liable only if you had not taken reasonable care of the goods.

In the case of credit-sale agreements, this right of cancellation applies only where the agreement is for more than £30. (4)

Once you have entered into an agreement, you must be careful to pay your instalments on time and to keep to the other terms the agreement lays down. For example, a hire-purchase agreement will lay down that you must look after the goods properly and it may — as in the case of a car — lay down that you must insure them.

You should have no difficulty in carrying out your side of the

agreement if, before you made it, you found out exactly what was involved, selected the goods you really wanted and satisfied yourself that you could afford them. But the unexpected does of course happen. *If difficulties arise, you should try to deal with them at once;* delay only makes matters worse. Very often, discussion with the trader or finance company will produce a solution. But if you are not satisfied or are in doubt, you should *get expert advice at an early stage.* The law is there to ensure that the customer has a fair deal. (5)

Under a credit-sale agreement, the goods at once become your property. There is no question either of the trader having any right to take the goods away from you if you do not pay or of your being able to hand the goods back if you do not want to go through with the agreement. A sale has been made; the goods are yours and, if you do not pay, the trader's only remedy is to sue you for the amount you owe him.

In the case of a hire-purchase agreement, the goods remain the property of the trader (or finance company) until the customer has paid in full. If the instalments are not paid on time or the customer breaks some other term of the agreement, the owner (that is, the trader or finance company) may be entitled to take the goods back. But there are legal restrictions on his right to do so unless the customer agrees.

First, if an instalment is overdue, a notice must be sent to you, warning you how much you owe and giving you not less than 7 days in which to pay. It is strongly in your interest to pay what you owe within that period because, if you do, the owner cannot take any action against you, either to end the agreement or to take back the goods.

Secondly, after the customer has paid one-third of the hire-purchase price (that is, one-third of the total of the deposit and instalments) *the goods can be taken from him only under a Court Order.* You will find on the agreement an explanation of your rights. If, after you have paid one-third of the hire-purchase price, you break the agreement (whether by failing to pay an instalment when it is due or by breaking any of the other terms) the owner can apply to the Court to take the goods back. One of the courses then open to the Court is to

make an order laying down terms on which the customer shall pay the amount due and allowing him to keep the goods if he does so. This can be a very helpful arrangement in allowing someone who has run into financial difficulties longer to pay; it gives him a second chance. But he must then be careful to pay strictly as required, otherwise the goods can be taken from him under the Court Order. (In Scotland, the owner may not at any time take back the goods without a Court Order; but the Order described above, allowing the customer longer to pay, can — as in England and Wales — be made only where the customer has paid one-third of the hire-purchase price.) (6)

If you decide you do not want to go on with a hire-purchase agreement, you have the right to end it. You will find on the agreement an explanation of your right to do this and of how much you would have to pay if you did end the agreement in this way.

You would have to give the goods back and pay any instalments which were in arrears. In addition, if the total amount you had then paid was less than half the hire-purchase price, you would have to pay the difference, unless a Court decided that a smaller amount would equal the loss sustained by the owner (the trader or finance company) because of your ending the agreement. You might, in addition, be liable for damages if you had failed to take reasonable care of the goods. (7)

Goods on hire-purchase remain the property of the trader or finance company; they do not belong to the customer. This means that you *must not sell any goods you have on hire-purchase until you have made all the payments.* It also means that *you should be on your guard when buying goods from other people;* if you have any reason to think the goods may be on hire-purchase, *do not part with your money.* In the case of cars, the finance companies have a register of those on hire-purchase. You can enquire (through a Citizens' Advice Bureau or, if you are a member, through one of the motor- ing organizations) and will quickly be told whether the register shows that a particular car is on hire-purchase or not. (8)

You may be asked to become a guarantor under a hire-purchase or credit-sale agreement. Traders often ask for a guarantor, particu-

larly if the customer is under 21 or if he is not a householder. *Do not give a guarantee of this kind lightly. By signing, the guarantor makes himself fully responsible for the customer.* If the customer does not pay his instalments or look after the goods, the guarantor is liable. People sometimes become guarantors out of friendship, not realizing what the cost may be. If you are asked to give a guarantee, the question you must put to yourself is whether you could afford the amount of the instalments and could meet any other obligations. You should not sign a guarantee unless you really want to accept this liability.

Once given, a guarantee cannot normally be withdrawn. *There is no right of cancellation for a guarantor*, regardless of whether he signs at a shop or in his own home. You cannot later withdraw your guarantee, even on such grounds as an unforeseen reduction in your own income. (9)

Buying goods on credit can be quite straightforward and satisfactory. Provided you find out what is involved and do not commit yourself until you are sure, there is nothing to be afraid of. The safeguards which the law provides for the customer are necessarily complicated. This article explains only the more important of them. *It cannot be too often emphasized that the customer should seek expert advice from a Citizens' Advice Bureau or other organization. This applies equally to people who are thinking of taking on commitments and to those who have done so but have run into difficulties.* (10)

(*Hire Purchase: What You Need to Know*, Board of Trade, December 1964.)

1. (a) Find out the Part of Speech of each of the following words as they are used in the passage:

agreements,⁽¹⁾ finance,⁽²⁾ regular, obligation,⁽³⁾
strongly,⁽⁴⁾ necessarily.⁽¹⁰⁾

Having done that, place each word in the appropriate column of Table 8, and then complete the table by filling in the remaining blank spaces. The first one has been done for you:

TABLE 8

Noun	Adjective	Verb	Adverb
agreements ⁽¹⁾	agreeable	to agree	agreeably

(b) Complete Table 9 by (i) stating the Part of Speech of each word as it is used in the passage, and (ii) inserting a suitable synonym that could replace the word without in any way altering the meaning of the passage:

TABLE 9

	Part of Speech	Synonym
complicated ⁽¹⁾		
proposed ⁽³⁾		
exercise ⁽⁴⁾		
cancel ⁽⁴⁾		
liable ⁽⁴⁾		
sustained ⁽⁷⁾		
emphasized ⁽¹⁰⁾		

(c) Write sentences to illustrate the meaning of each of the following words:

complicated, applies, advice,⁽¹⁾ commitment, transaction,⁽³⁾ ensure.⁽⁵⁾

(d) In your own words, give concise, accurate definitions of the following:

(i) a finance company,

- (ii) a hire-purchase agreement,
- (iii) a credit-sale agreement,
- (iv) a Court Order,
- (v) a Citizens' Advice Bureau.

(e) Explain what is meant by each of the following:

- (i) "Agreements are legally binding",⁽³⁾
- (ii) "... existing hire-purchase obligations",⁽³⁾ and
- (iii) "... unforeseen reduction in your own income".⁽⁹⁾

(f) Rewrite each of the following groups of sentences as one sentence:

- (i) These credit transactions can be quite complicated affairs. Things can go wrong. In some cases, people have suffered hardship because of them.
- (ii) The terms of these agreements are quite complicated. You can ask for a copy of the proposed agreement to take away and study. If you are not sure what it would mean for you, get expert advice. A Citizens' Advice Bureau will be glad to help.
- (iii) Buying goods on credit can be quite straightforward and satisfactory. Provided you find out what is involved and do not commit yourself until you are sure, there is nothing to be afraid of. The safeguards which the law provides for the customer are necessarily complicated.

(g) Carefully re-examine the passage, paying particular attention to its style and purpose. Why, and for whom do you think the pamphlet was written? Does the style — especially sentence structure, length of paragraph, use of italics, repetition, simple vocabulary — serve a purpose? Does the style succeed in serving the purpose of the passage?

2. (a) Give the passage a new title of your own choosing, under which write a suitable heading for each section. This should leave you with a skeleton plan illustrating the structure of the passage.

- (b) Using not more than one sentence, rewrite the first paragraph in **your own words**.
- (c) Quote in full the sentence that sets out the purpose of the passage.
- (d) The article does **not** apply to four types of agreement. What are they?
- (e) In what ways are hire-purchase agreements similar to and different from credit-sale agreements?
- (f) Why is one warned (i) to be sure one knows what kind of agreement is being signed, and (ii) not to sign an agreement unless one has finally decided to commit oneself?
- (g) Make a list of the things one is advised to do before finally signing the agreement?
- (h) What must a hire-purchase agreement contain?
- (i) In credit-sale agreements, the legal safeguards do *not* apply to agreements involving sums below and above two figures. What are these figures?
- (j) What protection does the 1964 Hire-Purchase Act give to people against high-pressure door-to-door salesmanship? How do you stand if, say, having paid a deposit (or given goods in part-exchange) you decide to cancel the agreement?
- (k) If you run into difficulties with a hire-purchase agreement, what steps are you advised to take?
- (l) In **your own words**, state under what circumstances an owner may repossess goods obtained on hire-purchase.
- (m) To what extent do the hirer's rights in England differ from those in Scotland?
- (n) To what extent is it true today that the 1964 Hire-Purchase Act gives a second chance to the person who has unavoidably fallen behind in his instalments?
- (o) Make a numbered list of the conditions that would have to be fulfilled before a hire-purchase agreement can be terminated.
- (p) Why is it suggested that one should be cautious when buying goods — particularly cars — from other private individuals? What precautions should one take before purchasing an expensive item, such as car, for instance?

- (q) In your own words, explain why a person should consider carefully before taking on the responsibilities of a "guarantor"?
- (r) Rewrite Section 10 in not more than forty of your own words.
- (s) Read the following quotation very carefully, and then rewrite it in your own words. Having done that, explain
 - (i) why hire-purchase and credit-sale trading has been increasingly appreciated by both retailers and the public;
 - (ii) why the commodities mentioned are generally bought by these methods; and (iii) why and how the Government regulates hire-purchase and credit-sale trading.

"The commercial potentiality of hire-purchase and credit-sale trading has been increasingly appreciated by retailers and the public, and finance companies frequently supply ready money to retailers who would otherwise have to wait until the customer had paid all his instalments. Many commodities, such as cars, motor-cycles, television sets, household goods, and furniture are purchased mainly under hire-purchase or credit-sale arrangements. The nation's standard of living may be considerably affected by the Government regulating the percentage of the cash price paid as a deposit and the duration of the period over which instalments may be paid. Rental agreements under which the customer never has more than the loan of the property concerned may similarly have restrictions placed upon them." (Rubinstein, R., *John Citizen and the Law*, Penguin, 1963.)

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Find out the amount of the hire-purchase debt in the United Kingdom for as many years as you can since 1955. Present the information in graph form.
- (b) How much is the stamp duty on a hire-purchase agreement?

- (c) Write an essay explaining how hire-purchase is financed.
- (d) Make a list of the *main* provisions of the Hire-Purchase Acts, 1938, 1954 and 1964. Having done that, explain why each was passed.

DISCUSSION TOPICS

(It might be useful to elect a chairman to direct and control the discussion, and a secretary to record it.)

- (I) Set out below are some of the advantages and disadvantages of hire-purchase. Discuss them in detail, and then try to draw some valid conclusions on the subject.

Advantages:

- (a) *Hire-Purchase is a form of saving.* After the instalments have been paid, the hirer is left with the article — a car, a TV, a refrigerator, etc.
- (b) *One has immediate use of the article,* enabling the hirer to use the article as he pays for it.
- (c) *It is convenient.* Many people would find it difficult — almost impossible — to save the large sums of money involved in buying such things as cars, TV sets, etc.
- (d) *It makes goods cheaper.* By making goods easily obtainable, more goods are sold. This means that the economies of using mass production methods come into operation. This means that the cost of production per unit falls as production increases. Costs and price, therefore, generally fall as more goods are bought.
- (e) *Can be used to control inflation and deflation.* (How? Explain the process involved.)

Disadvantages:

- (a) *People are tempted into buying non-essentials.*
- (b) *There is a temptation for people to run into debt.*
- (c) *It is not suitable for all commodities.* Clothes, for instance, may be worn out before the instalments have been paid in full; holidays are over all too quickly.

- (d) *Lack of security.* Illness, unemployment, strikes, etc., make it difficult for people to maintain payments.
- (e) *The system is unethical.* People should save for those expensive goods they require.
- (II) Given the opportunity to draw up a new Hire-Purchase Act, what in the existing law would you repeal or amend, and why? What would you introduce?
- (III) To what extent do you think that a newly married couple should use hire-purchase to furnish their new home? What dangers should they be warned about? Draw attention to some of the factors that should be taken into account before a decision is taken on the maximum hire-purchase commitment they should take on.
- (IV) Discuss the relative merits of buying a car on (i) hire-purchase and (ii) a credit-sale agreement.

CLASS ASSIGNMENT

Basing your work on Table 10, make a wall chart giving the relevant information on specific hire-purchase agreements for the articles mentioned. It is suggested that students work either as individuals or in pairs, each one making it his responsibility to find out the information on **one** article.

TABLE 10

Article	Specifications: Make, model, year, etc.	Name and address of store	Deposit required	Number and amount of payments	Period	TOTAL	Amount borrowed: i.e. cash price —deposit	
							HP price	Cash price
Record player								
Tape recorder								
Transistor radio								
TV set								
Bicycle								
Motor-bike								
Car								
Power tool								
Hair drier								
Washing machine:								
(a) Private shop								
(b) Electricity Board								
Cooker:								
(a) Private shop								
(b) Electricity Board								
(c) Gas Board								

10. Advertising

FOR most years since the war, spending on advertising has increased by a steady 10 per cent, and only in 1961 has the increase begun to slacken off. It has grown faster than the gross national product: advertising has, in effect, been shouting louder and louder about less and less. In 1960 Britain spent £456 million on advertising — roughly the same as she spent on schools, or on scientific research. Four years before she spent only £305 million. Table 11 shows the percentages of national incomes spent on advertising:

TABLE 11

	1953	1959
USA	2.6	2.9
UK	1.6	2.1
W. Germany	1.6	1.7
France	0.6	0.6
Italy	0.3	0.6 (1)

The British have always regarded themselves as more resistant to advertising than Americans. But during and since the war (which made great use of it) the admen's prestige has steadily grown. In America, Madison Avenue has recently suffered a setback; bogus television quizzes, payola, faked-up commercials and cut-throat competition between agencies have revealed an ugly and pathetic mendacity and have damaged the admen's social position. In Britain, advertising has been steadily on the up, and the agencies have attracted some of the ablest university graduates. As so often Britain is accepting what America is rejecting: here once more the two ships seem to be crossing in mid-Atlantic. (2)

Commercial TV and fatter newspapers have quickened the pace of expansion in the past 5 years. As Britain becomes saturated with increasingly similar goods, so her advertising comes closer to the American pattern. The more identical the soaps or detergents, the more the adman is in his paradise, using all his skill to devise the "unique selling proposition", to unearth irrational motives, to dress soap with romance, sex, security or self-advancement. (3)

But in the past year or so, there have been signs of revulsion. Commercial TV has made advertising much more aggressive — breaking into the middle of popular programmes, shouting about detergents in the drawing-room: the growth of political advertising (the Conservatives spent half a million pounds in the last election) has aroused suspicions, and the Consumers' Associations and their magazine *Which?*, with a circulation of 295,000 — bigger than *The Times* — began to make some readers more sceptical. At the meeting of the Advertising Association at Brighton in May 1961, there were distinct signs of worry — an anxious debate was held on the themes of "Advertising has never been menaced so much by public opinion", and "Why is it that so many people dislike us?" Admen, even more than stockbrokers, are aware of an unfavourable image. (4)

Advertising has no direction, no centre, no obvious tycoons (though those can be found in America). It exists as a hectic go-between, between the two great wheels of industry and the public. You will look in vain (despite what some churchmen think) for a roomful of advertising chairmen deciding how best to corrupt the public mind and extend their power: only occasionally do they get together to defend their trade or — very rarely — to chuck out a member. In the one great recent advertising revolution — the creation of commercial television — a few agencies took an important role but most were more alarmed than exhilarated by the prospects. (5)

The influence of advertising on the press is not as bludgeoning and restrictive as many people, including Northcliffe, feared: no one has succeeded in proving that advertising has a secret effect on editorial policy. Advertisers like newspapers to be credible; the

more absurd an advertisement is, the more they like it to be alongside convincing news. But advertising has, in less direct ways, immensely influenced the character of the press — more obviously in the quality papers which are more dependent on advertising. Subjects which are supported by advertisers — notably fashion, travel and consumer goods — have all received mounting editorial attention compared with serious news: women's magazines and supplements, linked to advertising, have boomed while general news magazines have slumped. No major paper or commercial television channel will dare put forward strong criticism of advertising or advertisers: the only large medium which is invulnerable is the BBC, and this has taken little advantage of its position, though in 1961 it began a cautious consumers' programme called "Choice". The influence on newspapers has not been so much the direct corruption of the editorial puff or boost, as the general muffling of criticism and the magnification of the adman's interests and the tendency for advertisers to press newspapers into the same mass markets as themselves. Advertisers have also encouraged a debased new travesty of journalism, the "advertising supplement", with vapid articles of praise designed to be printed alongside the advertisements. (6)

(Sampson, A., *Anatomy of Britain*, Hodder & Stoughton, 1962.)

- (a) Give a synonym and an antonym for each of the following words that appear in the passage:
 pathetic, mendacity,⁽²⁾ saturated, irrational,⁽³⁾
 sceptical,⁽⁴⁾ credible, invulnerable, travesty, vapid.⁽⁶⁾
- (b) Illustrate the meaning of any five of the above words by using them in sentences of your own construction.
- (c) In your own words, explain what is meant by:
 (i) gross national product;⁽¹⁾ and
 (ii) editorial puff.⁽⁶⁾
- (d) Study the punctuation of the second sentence of Section 4 in preparation for a dictation test. (Consult your teacher about any query you might have.)

2. (a) Find a suitable title for the passage, under which write down a list of headings, one for each section.

(b) How does the author succeed in impressing upon the reader the important role the advertising industry plays in our economy?

(c) Draw a diagram to incorporate the figures given in Table 11 in Section 1.

(d) Make a list of the factors that have helped to damage the adman's prestige in the USA.

(e) Would it be true to say that "admen" like a challenge? Explain your answer.

(f) What two factors, according to the author, have aroused the British public's suspicion in advertising?

(g) Why, according to the author, has advertising **not** had a great deal of influence on the press? Do you agree with him?

(h) How and for what reasons has advertising influenced the character of the press?

(i) "No major paper or commercial television channel will dare put forward strong criticism of advertising or advertisers." Why?

RESEARCH

In each case acknowledge the source of your information.

3. (a) Find the address of the Consumers' Association. State the cost of a year's subscription to *Which?*

(b) In Section 1 it states that Britain spent £456 million on advertising in 1960. Give the figures for subsequent years.

(c) Name the **six** largest advertising agencies operating in the UK. Indicate those that are American owned.

(d) Write "potted" biographies of the following, the first four of which may be described as "great pioneers of advertising":

- (i) Albert Lasker,
- (ii) J. Walter Thompson,
- (iii) Stanley Resor,

(iv) Samuel Benson,
 (v) Alfred Harmsworth (Lord Northcliffe).

(e) When complete, Table 12 should give you sufficient information for an understanding of the three organizations mentioned in the first column.

TABLE 12

Name of association	Date est'd.	Address	Organization	Aims/functions	Power
Institute of Incorporated Practitioners in Advertising				(a) (b) (c) (d)	
Advertising Association					
Advertising Standards Authority					

(f) Give the names of at least six books — together with the names of their authors and publishers — that deal with the theme of advertising.

ASSIGNMENT

Make a collection of advertisements that fit into the following classes:

- (i) *Informative.* Some advertisements, particularly those in serious trade and professional journals, set out to be genuinely informative.
- (ii) *Launching a new product.* The launching of a new product, especially one entering a very competitive field, requires a huge and very costly advertising campaign.

- (iii) *Well-established trade names.* It is often the advertiser's job to keep the public constantly reminded of long-established products, just in case demand begins to slacken off, or suffer at the expense of a new product.
- (iv) *"Baffle-'em-by-science" type.*
- (v) *Use of meaningless statistics.*
- (vi) *Appeals to guilt complexes, apprehensions, etc.*
 - Are you a good mother?
 - Are you being "dated" often enough?
 - Does BO, bad breath, pimples, etc., make you unpopular?
 - Do you lack essential femininity (or masculinity)?
 - Are you "with it"?

DISCUSSION TOPICS

- (I) *Some advertising — you will all have innumerable examples to offer — is simply bad; but this is no reason to condemn all advertising out of hand. In fact, we owe very much to the industry, as it enables new products to be launched quickly and, by increasing demand, it may well bring down prices of established products. (Generally speaking, the cost per article falls as production rises.)*
- (II) *Read the following statement very carefully and then, when discussing it, try to answer the questions that follow it:*

"The purpose of an advertiser is to indoctrinate, it is to condition the minds of people. This is his purpose, a perfectly proper purpose; this is his task; so that when you go into a shop to buy cigarettes the only name you can remember is his, or when you want to buy a detergent the only one you can remember is Daz. Indoctrination; stop people thinking; make the response come automatically. And this is the very converse of the whole purpose of education, in which our purpose is to leave people free to make critical judgements. Therefore, as I see it, you have a direct conflict which can only be removed if the major instruments of mass communication are independent of

income from advertising." (Sir William Alexander, *Popular Culture and Personal Responsibility*, prepared for the NUT by Brian Groombridge.)

Do you agree with Sir William's statement that advertising is "perfectly proper"? Is it your opinion that advertising "is the very converse of the whole process of education", or do the both set out to do the same thing — indoctrinate? Could it be that teachers are envious of advertisers because they (the advertisers) beat them at their own game? What do you think of the suggestion that TV, radio and the press should be freed from their dependence on advertising income?

(III) Do you think that advertising has had a good or a bad effect on (i) the press, (ii) radio, and (iii) television? Have TV programmes been debased to suit the imagined mentality of the mass audience; or does advertising revenue help to subsidize serious programmes and so raise standards? Is it fair that the format of magazines is designed to make us see as many advertisements as possible — stories and articles being spread out over as many advertisement-packed pages as possible? Is it fair to say that newspapers try not to offend their advertisers? Why hasn't there been a vigorous newspaper campaign against smoking? Campaigns against dangerous driving are frequent; but undertakers don't advertise, do they?

11. Advertising and Industry

THE collision of the youthful world of advertising with the reticent world of business is bizarre. In Britain, as opposed to America, businessmen have inherited a distrust of advertising and a feeling that, if what they make is good enough, there will be no need to boast about it. They have regarded advertising as a useful luxury, not an essential tool. An elderly director of a family firm and a young advertising executive from Mayfair talk different languages. But gradually the admen and salesmen have come closer to industry: "Thirty years ago people were shocked at the idea of a marketing man on the board," said Dr. Mark Abrams, "accountants and engineers were all right, but not people who *sold* things. In those days an advertising man was likely to have a chat with a manager at Lyons Corner House: now he'll be talking to a member of the board in the directors' dining-room." (1)

TABLE 13

Margarine	4.3 per cent
Soup	6.7
Breakfast cereals	5.4
Health drinks	11.5
Hair preparations	13.5
Indigestion cures	20.0
Cold cures	20.0
Car oil	12.5
Soap and detergents	10.4
Butter	0.5
Fruit	0.2
Bread	0.4
Coal	0.1
Crockery	0.3

But many industries in Britain have been built on advertising and never forget it. Margarine, patent medicine, cigarettes or cosmetics were born into an age of posters, and the firms which make them, the Unilevers or Beechams, are dominated by "marketing men". It is the older industries, which existed before posters or newspapers — like food, beer or coal — which resist advertising most strongly. Table 13 shows how the cost of advertising compares with the value of retail sales, for some products (in 1959).

In advertising circles, a special magic surrounds products which spend more than a million pounds a year. Table 14 lists the ten products which spent most on advertising in 1960, with the firms that make them:

TABLE 14

Persil	Unilever	£1,160,000
Tide	Hedley's (US)	1,124,000
Omo	Unilever	1,030,000
Daz	Hedley's (US)	945,000
Stork	Unilever	899,000
Guinness	Guinness	891,000
Nescafé	Nestlé's (Swiss)	862,000
Surf	Unilever	855,000
Maxwell House	Alfred Bird (US)	669,000
Ford	Ford (US)	642,000

Four of the big ten are made by Unilever: none of them is made by a strictly British firm. The ding-dong battles between Unilever and Hedley's (owned by Proctor and Gamble of Cincinnati) raise the stakes higher and higher. From time to time there is talk of a truce and Unilever sometimes show signs of embarrassment at the hideous aggressiveness of the detergent war. But the two are implacable enemies, and are locked in a noisy and costly conflict. Some indication of our cockeyed economy is provided by the fact that Tide and Omo between them spend more on advertising than the Arts Council spends altogether in a year. (2)

Where the ratio of advertising to cost is small, the effectiveness of

advertisements is hard to judge: no one, for instance, *knows* whether "Drinka Pinta Milka Day" makes more people drink milk. But with cold cures, detergents or hair oil, the sales ebb and flow with advertising, and the adman enters the heart of the business. Often the adman not only provides the posters, television commercials and newspaper displays: he moves in to redesign the packaging, to analyse the market, to recommend on the strategy of selling and even — in some cases — to suggest new kinds of products. Like bankers or management consultants, advertising men can act as a kind of sheepdog to a sleepy flock. (3)

(Sampson, A., *Anatomy of Britain*, Hodder & Stoughton, 1962.)

1. (a) Write sentences to illustrate the meaning of the following words as they are used in the passage:
reticent, bizarre,⁽¹⁾ resist, implacable,⁽²⁾ strategy.⁽³⁾
(b) In your own words, explain what is meant by:
(i) "The collision of the youthful world of advertising with the reticent world of business is bizarre";⁽¹⁾ and
(ii) "Like bankers or management consultants, advertising men can act as a kind of sheepdog to a sleepy flock."⁽³⁾
(c) Study the punctuation of the last **two** sentences of Section 1 and the first sentence of Section 3 in preparation for a dictation test. Pay particular attention to the use of the colon and italics.
2. (a) Rewrite Section 1 in not more than **forty-five of your own words** and then give it a suitable heading.
(b) Find an appropriate heading for Section 2, under which
(i) state why firms such as Unilever have marketing men on their boards; and
(ii) suggest why industries such as coal, beer and food resist advertising.
(c) How does the author bring home to the reader the amount of money spent on advertising such products as Tide?

(d) Give Section 3 a heading.

(e) Why is it impossible to estimate the effect of such advertisements as "Drink a Pinta Milka Day"?

RESEARCH

In each case acknowledge the source of your information.

3. (a) Construct a table — based on that below — in which you will give five brand names for each product mentioned in Table 13 in Section 2. (For obvious reasons, coal will be omitted.)

Product	Brand 1	Brand 2	Brand 3	Brand 4	Brand 5
Margarine					
Soup					
Breakfast cereals					

Having completed the above, cut out from newspapers and magazines an example of an advertisement for each *brand* mentioned. Find out the differences and similarities among them.

(b) For the sake of effectiveness, many advertisements break grammatical "rules". Collect as many examples of these as you can, and discuss their effectiveness.

(c) Construct a table to show how much was spent on advertising in Britain in the years since 1960. State how much in each case was spent on advertising (i) in the press, (ii) on television, (iii) in the cinema, and (iv) outdoor. Show the percentage increase and decrease each year.

(d) Give the names of the chairman, and the head office address of each firm mentioned in Table 14.

(e) Write as much as you can about Dr. Mark Abrams.

(f) Find the address of the Arts Council of Great Britain. Give also the name of its chairman and its secretary-general.

DISCUSSION TOPICS

(I) The following quotation, attributed to Hardie Ratcliffe (Musicians' Union), is quoted in the NUT publication *Popular Culture and Personal Responsibility*.

"When we say that demand creates supply, we tend to overlook a very important modern factor — the power of advertisement and persuasion. . . .

"The public does not make a tune popular. Subject to certain exceptions, some flukes here and there, we know in advance what is going to be popular six months ahead, and the publishing business makes sure a tune it wants to be popular is popular by spending enough money to make it popular. So let us be clear right away that the public neither gets what it wants nor what it ought to have, but what it suits the provider to give."

If what Mr. Ratcliffe says is true — this in itself is worthy of debate — then it isn't the record-buying public that decides, say, *The Top Twenty*, but the publishers, advertisers and disc-jockeys who decide what the public will buy. Does it disturb you that your mind is made up for you by complete strangers?

(II) What are your opinions on billboard and neon-light advertising, particularly in the countryside? Do you think that this type of advertising in towns is an essential part of urban life and culture, and should thus remain, or should it be banned or at least controlled? Who would be responsible for controlling it?

(III) "Advertising encourages people to spend, but it doesn't help them to spend wisely." To what extent do you consider this to be true?

12. *The Press*

IN THE daily newspapers field, can competition survive? My answer is that economic forces are tending all the time towards fewer and fewer newspapers, and that competition will only survive because of the public demand for variety in their daily reading. But, you may retort, over a million people were demanding the *News Chronicle* and yet it ceased publication. This is true, but it is equally true that if over two million people had been demanding the *News Chronicle* it would still be with us. There is for every kind of newspaper a minimum viable circulation; and for every kind of newspaper the minimum viable circulation has tended to rise with time. (1a)

This has been true for roughly the last 50 years. For England, Scotland, and Wales the total number of daily papers has declined between 1910 and 1962 from 190 to 124. Papers published outside London have declined from 102 to 81 evening papers and from 58 to 24 morning papers. London publications have declined from 7 to 2 evening papers and from 27 to 17 morning papers (including several of a limited and specialized nature). In the same period circulations have moved steadily upward. From 1900 to 1914 the largest selling paper was the *Daily Mail* with just under one million circulation. After the First World War the *Mail* rose to 1.75 million and by 1938 the *Express* had nearly reached 2.5 million. Today the *Express* sells between 4 and 4.5 million. (1b)

The newspaper industry is a high-cost industry, and perhaps not very efficiently run, but this is not the main reason why newspapers get into financial difficulties and have to be merged or closed down. The main reason is competition from other newspapers. Historically the newspaper industry has been a very sheltered one and has needed to worry little about competition from outside. Today

that is less true, for commercial television is a serious competitor both for advertising and for the spare time of the newspaper reader, but even today a newspaper's most important competitors are other newspapers. (2a)

Individual newspapers operate in a highly controlled environment. Revenue comes almost entirely from newspaper sales and from advertising, and in both fields the rate a single newspaper can charge its customers cannot exceed by much the norm set by the pattern of other newspapers. Of costs, the largest is newsprint, and that is bought at the same standard price by all newspapers. The only other very large cost is wages, and wage scales are set by national negotiations, while the numbers employed are in many cases standardized through trade union pressure. (2b)

The essential economic differences between newspapers are those which arise through differences in the number and the nature of their readers — chiefly because of advertising revenue. Advertisers are quite as much concerned with who the readers are as with how numerous they are. But I want first to look at the numbers and not at the nature, and to do this I take the case of two newspapers in direct competition, selling a different number of copies but each with readers of a similar nature to the other. This is, of course, a hypothetical exercise. (2c)

The costs of producing a newspaper may be divided into two parts — those that are dependent on the number of copies printed (reproduction costs) and those that are not (first copy costs). Each issue of a newspaper is virtually a new product. The first copy costs are literally the cost of producing a single complete copy of each issue and they include some of the most expensive departments (editorial, advertisement, telegraph, process, composing, correcting, and make-up of pages). If first copy costs are relatively high, as they are, then the total cost per copy will depend significantly on the number of copies over which these costs are spread. (2d)

In the example (Table 15) newspaper A is a successful popular daily paper. Newspaper B is a direct competitor, but sells only half as many copies.

In theory newspaper B makes a loss of 1d. per copy. In practice,

TABLE 15

	Newspaper A	Newspaper B
First copy cost	1½d.	3d.
Reproduction cost	3d.	—
Cost per copy	4½d.	6d.
Sales revenue (net)	2d.	2d.
Advt. revenue (net)	3d.	—
	—	5d.
Profit/loss	+½d.	—1d.
	—	—

however, and up to a point, there are things that newspaper B can do. It can spend a little less on creating its first copies, but any attempt to save too much will show in inferior contents. A policy of having less editorial space in the newspaper will also reduce costs, but again only limited economies are possible. An approach can be made to the trade unions to modify their practices in favour of a newspaper that might otherwise fail, and such an approach if properly made will not today be in vain, although again the potential economies are probably not large. Lastly newspaper B can and will charge a higher price per thousand to the advertiser. Up to a point many advertisers will pay up. (2e)

But there is clearly a limit to what can be done without damage. It might not be far wrong to suggest that, as the economics of the industry are today, there is little hope for a newspaper which has reached the position of selling only half the numbers sold by a rival, whose readers are in the advertising sense similar. A newspaper in such a position can only drift downward unless and until there is a new and capable hand at the helm and substantial sums of money poured into reviving it. I suggest as a very rough guide that, subject to the nature of its readers, the minimum viable circulation

for any newspaper today is at least half the sale of its most successful direct competitor. It is the increase in circulation of the most successful newspapers that has mainly been responsible for the increase in the viable minimum for the rest. This operates because it is the successful newspapers that set the pattern of costs and revenue, and of editorial standards, within which the industry operates, and they set them to suit their own financial circumstances. The more successful they are the tougher the environment for their competitors. (2f)

So much for the number of a newspaper's readers. I turn now to their nature. Discussion of their numbers has led to a depressing conclusion; discussion of their nature happily leads the other way. Each advertiser is concerned with placing his message before only a limited group of people — his potential customers. When he looks at a particular newspaper he asks not only how many are its readers but what proportion of them interest me? (2g)

The first and largest group of advertisers are those whose customers are pretty evenly spread throughout the population, for example, all users of cosmetics, all users of soap, all users of cigarettes, articles of general consumption bought alike by rich and poor, by educated and uneducated. The class of daily newspaper that corresponds to this group of advertisers is the popular national morning paper. (3a)

The second big group of advertisers are those who sell producer goods or services and those who are putting out what for want of a better word I call prestige advertising, which includes reports by companies of their annual meetings, and is generally intended to establish, as a background to selling, reputations for efficiency, honesty, or quality. This group of advertisers is concerned primarily to reach people in a position of authority and influence, particularly those who influence the spending of corporate money. Papers such as *The Times* and *The Guardian* have a relatively high proportion of such readers and so belong to a different class of newspaper. (3b)

A third group of very large advertisers are concerned only to reach people living in a limited geographical locality. Retail stores, estate agents, motor-car dealers, and many others are interested only

in people within a reasonable distance of their own place of business. To these advertisers the local newspaper is an ideal medium, while the national newspaper is virtually useless. It is on the existence of advertisers in this geographical group that the provincial evening papers (and the local weeklies) base their finances. (3c)

The three distinct classes of newspaper are not hard to see and, because each class lives on a different type of advertising, the economics of each is quite different from the economics of the other two. I can illustrate this neatly but very approximately by saying that in the popular morning class the minimum viable circulation today is something over 2,000,000, while in *The Times/Guardian* class the minimum viable circulation is something over 200,000, both being classes in which competition still prevails. In the evening paper class, in which the one newspaper town is the general rule and we are therefore looking at a situation of local monopoly, many newspapers survive with not much over 20,000 circulation.

It is the existence of a large group of advertisers wanting mainly to approach people in positions of authority and influence that makes it possible for *The Times* and *The Guardian* to exist with circulations of only around 260,000 when the *News Chronicle* failed with over a million. It is the existence of a large number of advertisers interested only in local advertising that makes it possible for at least one local newspaper to live even on a very small circulation in most provincial cities. (3d)

Unless the nature of newspaper advertising changes there will always be these three classes of newspaper, and to that extent competition will survive. But within each class the outlook is much less optimistic. Here we have to recognize the law that for each newspaper there is a minimum viable circulation, and this minimum is directly related to the circulation of the most successful newspaper competing in the class concerned. (4a)

The logical conclusion of the economic forces in the newspaper industry is that we could reach a position in which there was only one morning newspaper in the consumer goods class, one in the producer goods and prestige class, one evening paper in each substantial city and no other daily paper. (4b)

In practice this will not happen. But the reason why it will not happen is only that the public does demand variety in its reading and would not tolerate being subjected to such a narrow choice. When the choice begins to get too narrow the rules will no longer apply that no two competitive newspapers have to sell at the same price and have to have contents competitive in size and volume. Some competition will survive, but it may well be less than there is today. (4c)

(Scott, L. P.,† Competition between newspapers, *The Guardian*, 4 September 1962.)

- (a) Give a synonym for each of the following words that appear in the passage:
competition, survive, retort,^(1a) environment, revenue,^(2b) hypothetical,^(2c) modify,^(2e) substantial,^(2f) potential,^(2g) virtually.^(3c)
- (b) Give an antonym for each of the following words:
variety,^(1a) declined,^(1b) inferior,^(2e) substantial,^(2f) optimistic.^(4a)
- (c) State what is meant by (i) a consumer good, (ii) a producer good, and (iii) a service. Give an example of each.
- (d) In your own words explain what is meant by:
(i) "minimum viable circulation";^(2f) and
(ii) "corporate money".^(3b)
- (e) Study the punctuation of the last three sentences of Section 1b in preparation for a dictation test.

Note: (i) that the theme of the passage is given in the first line.
(What is the subject of the first sentences?)
(ii) that the structure of the essay is but an expansion of the first paragraph;

†Mr. Scott, who is chairman and Managing Director of *The Guardian*, delivered the above paper to the Economics Section of the British Association, 3 September 1962.

(iii) the number of times the word "But" is used to open sentences. (Can you see any purpose in this practice that most grammar books condemn?)

2. (a) The above passage falls into four well-defined sections, for which you are asked to find suitable headings; under each heading add a sub-heading for each sub-section. This will give you the basic "plan" of the essay.

Now arrange these headings so that the answers to the following questions may be added beneath the appropriate heading. You should end up with a systematic set of notes based on the passage.

(b) Make an appropriate numbered list of the main facts given in Section 1.

(c) Put the facts that appear in Section 1b into diagrammatic form. (It is probable that two diagrams will be necessary.)

(d) Make a list of the reasons why newspapers get into financial difficulties.

(e) Why, according to the author, is commercial TV a serious competitor to newspapers?

(f) Give

- (i) the **two** main sources of a newspaper's income; and
- (ii) the **two** main costs involved in newspaper production.

Why are these practically standard for all newspapers?

(g) Explain the difference between the first copy costs and reproduction costs. On what main factor does the *total* cost per copy depend?

(h) What conclusions can you draw from Table 15 in Section 2e?

(i) What can a newspaper do to reduce its first copy costs?

(j) What, according to the author, is the circulation necessary for a newspaper to remain in business?

(k) The author states that there are three groups of advertisers. How does he differentiate between them?

(l) A newspaper may be classified according to the type of

advertiser using it. What are the three main classes of newspaper?

- (m) Why did the *News Chronicle*, with a circulation of over a million, have to close down, while *The Guardian* remains in existence with a circulation of just over 200,000?
- (n) Make a list of the conclusions the author draws in Section 4.
- (o) In Section 2g the author writes: "Discussion of their numbers has led to a depressing conclusion; discussion of their nature happily leads the other way." What does he mean by this?

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) In what ways do *local*, *provincial* and *national* newspapers differ? (Give **three** examples of each.)
- (b) Give the names of the **three** largest (i) daily and (ii) Sunday newspaper undertakings in the UK.
- (c) Name at least **three** trade unions whose members are involved in newspaper production.
- (d) Give the names of at least **three** national newspapers that have closed down in the last 15 years.
- (e) Complete Table 16:
- (f) Make two lists — one itemizing revenue, the other expenditure — involved in the production of a newspaper. (*The Report of the Royal Commission on the Press, 1961-2*, HMSO, 1962, 13s. 0d., gives this a first class treatment.)
- (g) Write an essay **either** on *The Press Council* (it is suggested that a section is devoted to each of the following — establishment, organization, aims, and powers) **or** on *Concentration of Ownership in the British Press*.

CLASS ASSIGNMENT

It is suggested that the class be divided into small groups, each of which will take the Monday to Saturday issues of a newspaper and examine them closely. Each group will be expected to:

TABLE 16

Name of paper	Date Est'd.	Political tendency	Owner	Circulation	Price
<i>The Times</i>					
<i>The Guardian</i>					
<i>Daily Mail</i>					
<i>Daily Telegraph</i>					
<i>Daily Express</i>					
<i>Daily Mirror</i>					
<i>Sun</i>					
<i>Daily Worker</i>					
<i>Sunday Times</i>					
<i>The Observer</i>					
<i>News of the World</i>					
<i>The People</i>					
<i>Sunday Citizen</i>					

(i) find the percentage space taken up by:

- (a) advertisements,
- (b) "Leader" articles,
- (c) sport (including sports photographs), and
- (d) serious news.

(Column inches is the suggested unit of measurement.)

(ii) make lists of the names of the firms advertising in each issue;
and

(iii) make lists of the topics dealt with in the "Leader" articles. (Individual students can be set the task of examining local and provincial weekly papers, and the national Sundays.)

DISCUSSION TOPICS

(I) Carefully examine the following quotations and then discuss their meaning:

"If words were invented to conceal thought, newspapers have been a great improvement on a bad invention." (Thoreau.)

"The man who reads nothing at all is better educated than the man who reads nothing but newspapers." (Jefferson.)

"The liberty of the press is the *Palladium* of all the civil, political and religious rights of an Englishman." (Junius.)

(II) Do you think that newspapers really influence public opinion; or do the readers form their own opinions?

(III) Do we get the newspapers we deserve?

(IV) The purpose of the press is to convey news and present views. Or is it? Do radio, TV and the weeklies fulfil these functions better? Have newspapers, perhaps, become vehicles for advertising, or even propaganda?

(V) "It seems to me that as a public we are not paying enough for the mass media we get, and as a result the whole of mass media are . . . dependent on income from advertising. What we pay for a newspaper does not pay for its being printed, never mind the paper it is on. The result is that the whole of the press structure becomes conditioned by the need for sufficient advertising revenue. Indeed, a good deal of what appears in the Press is only there because it will command advertising revenue — hence the special sections in *The Times* and in even the most reputable papers." (Sir William Alexander. Quoted from *Popular Culture and Personal Responsibility*, prepared for the NUT by Brian Groombridge.)

Examine the above quotation very carefully and then, just for interest, challenge every statement made in it, testing it for (i) factual truth and (ii) logical thought. Are Sir William's facts correct; are his conclusions sound? What is implied—intentionally or unintentionally—in the last line?

(VI) Many newspapers are guilty of printing stories that are, to say the least, in poor taste. Do you think that this practice should be stopped? If so, how? What is the general reaction of the public to these stories? To obtain these stories, newspapermen have often been very unscrupulous. In fact, the interference with private life has reached such a pitch that the Press Council has condemned it. What, if anything, should be done about this? Should newspapers tell *all* the truth when reporting a story, or, in an effort not to give people the wrong ideas, should they hide the gruesome details?

13. The BBC and ITA

How many people complain when the time comes around for them to renew their wireless or television licences? How many, while "bitching" about the cost of BBC, praise the virtues of the independent television companies that give us good quality programmes for nothing? Yet how many of the same people ever enquire into the actual cost? Let us look at the cost of the BBC first. Although a separate licence is required for a radio fitted into a car, the 25s. wireless licence covers as many radios a household cares to have; for as little as £5 a year one is entitled to receive both sound and vision. This money, which is collected by the GPO, is handed over to the BBC after deductions have been made to cover expenses incurred in collecting the licence fees, administration, and for certain other jobs of a technical nature that the GPO carries out on behalf of the BBC. This means that BBC programmes are provided for less than 6d. a week for sound, and fractionally under 2s. a week for the combined radio and television services (including BBC 2). To many, commercial TV apparently costs the receiver nothing; and yet advertisers in 1962 paid approximately £100 million (including £10 million in tax) for the privilege of reaching him; an amount obtained by adding the advertising costs to the price of the goods advertised. Indirectly, therefore, independent television costs the public far more than does BBC. (1)

Although the monopoly of television broadcasting ended in 1954 with the formation of the Independent Television Authority, the monopoly over sound transmissions within the United Kingdom still exists. This began in 1922, when the Postmaster-General granted a broadcasting licence exclusively to the British Broadcasting Company. This decision to grant only one broadcasting licence was continued in 1927 when the British Broadcasting

Corporation was formed to take over the functions of the limited company; and reaffirmed in 1937 when a new BBC charter was drawn up to cover sound, and the new television service that the BBC had inaugurated the previous year. Realizing the importance of television as a medium of communication, and coming to the conclusion — rightly or wrongly — that it was undesirable to leave TV transmissions in the hands of a single authority, however respectable, the Conservative Government passed the Television Act (1954) that established the ITA, a new public body to be responsible for providing an additional TV service. The Television Act (1963) extended the life of the ITA to 1976. It also authorized the BBC to open a second television service — BBC 2. (2)

The BBC, which is a body incorporated by royal charter, consists of nine governors (including the chairman and the vice-chairman) each appointed by the Queen acting on the advice of the Prime Minister. Of the governors, three are "national" governors representing Scotland, Wales, and Northern Ireland. This finds a parallel in the ITA which, according to the Television Act (1963) is to be composed of a chairman, a deputy-chairman and at least five other members (at present nine) — three of whom, as on the BBC, represent Scotland, Wales, and Northern Ireland respectively. Members of the Authority are appointed by the Postmaster-General. In addition, the BBC has a General Advisory Council, selected by the Corporation "so as to give the Council a broadly representative character". There are four general Regional Advisory Committees, seven Religious Advisory Committees, two for Music, four for Agriculture, and nine Appeals Advisory Committees. There are School Broadcasting Councils for the United Kingdom, Scotland, and Wales; and a Scientific Advisory Committee. The ITA is advised by a mere six committees, the first four of which are mandatory — Advertising, Children's, Education, Religious, Scottish, and Ulster. The composition of the Religious Advisory Committee is almost identical with the Central Religious Advisory Committee of the BBC. (3)

Although both the BBC and the ITA are independent authorities in their day-to-day operations, their freedom of action is limited by

three factors: (i) the terms of the Corporation's Charter, (ii) the Licence and Agreement with the GPO, and (iii) the Television Acts. Both the BBC and the ITA come, as public bodies, under the ultimate control of the Postmaster-General who, as the responsible Minister, is answerable to Parliament on broad questions of policy. The Postmaster-General has other responsibilities too: he issues directives of a technical nature to the two authorities; he can prohibit the broadcasting of any material deemed undesirable; and he can, given sufficient provocation, revoke the licences of both the BBC and the ITA. (4)

To finance its operations, the BBC receives an annual sum, voted by Parliament, and related to the revenue collected by the GPO from licences (estimated to reach £67.3 million in 1965-6); an annual grant-in-aid of around £7.5 million for its External Services; and, finally, profits from BBC publications — £0.6 million in 1962. (5a)

The operating costs of the ITA — around £3.5 million a year — are much lower than those of the BBC, but nothing is gained by comparing the figures for the two bodies. Not only does the BBC offer an infinitely greater variety of services, but it is fully responsible for the production of its programmes. The organization of independent television is entirely different. Although the ITA owns and operates the transmitting stations, the production studios and equipment are owned, and the actual programmes provided, by programme companies under contract to the ITA. Since July 1964, the rental payments programme companies pay to the ITA for use of transmitters have consisted of a sum to cover the Authority's costs, together with an additional payment related to advertising receipts. This extra fee is paid by the ITA directly into the Treasury. (5b)

Not only is commercial advertising excluded from BBC TV and sound programmes, but the Corporation tries to avoid giving publicity to any industrial or commercial concern. Independent television, on the other hand, which depends on advertising for its revenue, broadcasts advertisements, subject to the controls contained in the Television Acts: advertisers are not allowed to sponsor

broadcasts (cf. Radio Luxembourg and American radio and TV advertising); all advertisements should be clearly distinguishable as such; and the amount of time given to advertisements should not be such that it lowers the value of the programmes. The ITA has also agreed with the Postmaster-General not to insert "ads" in certain classes of broadcasts, particularly religious ones. With the advice of the Advertising Advisory Committee, it has also compiled a list of "principles for television advertising" that aims to exclude misleading or unsuitable advertisements from its programmes. The cost of inserting advertisements is paid for by the advertisers, who pay the programme companies for advertising time. (6)

1. (a) Without altering the meaning of the passage in any way, replace the following words with suitable synonyms or short phrases:

"bitching", entitled,* restricted, privilege,⁽¹⁾ granted,* inaugurated,⁽²⁾ mandatory,⁽³⁾ ultimate, deemed, provocation, revoke,⁽⁴⁾ infinitely,⁽⁵⁾ distinguishable, insert,* compiled.⁽⁶⁾

Find antonyms for those words marked by asterisks.

(b) Use the following words in sentences to show that you can use them correctly:

incurred, apparently,⁽¹⁾ exclusively, reaffirmed,⁽²⁾ incorporated, consists,⁽³⁾ sponsor.⁽⁶⁾

(c) By using one sentence for each, define any **five** of the following:

- (i) the British Broadcasting Corporation,
- (ii) the Independent Television Authority,
- (iii) a broadcasting licence,
- (iv) a medium of communication,
- (v) a royal charter,
- (vi) a programme company,
- (vii) advertising time.

(d) Find out as much as you can about the origin of the following words used in the passage:
television, programme, radio, monopoly, transmission, Parliament, provocation.

(e) Why is the word "bitching"⁽¹⁾ enclosed in inverted commas?

2. (a) Give the passage a new title, and each section an appropriate heading.

(b) One receives BBC sound services for less than 6d. a week, and the combined sound and vision for approximately 2s. a week. How did the author arrive at these figures?

(c) In your own words, explain how the author arrives at the conclusion that "independent television costs the public more than does the BBC".

(d) Explain the difference between the British Broadcasting *Company* and the British Broadcasting *Corporation*.

(e) Using a system of dates, write a note-form history of sound and TV broadcasting in the United Kingdom.

(f) Construct a diagram incorporating the information given in Section 3.

(g) Under a suitable heading for each, give (i) a list of factors that limit the freedom of action of the BBC and the ITA; and (ii) a list of the powers that the Postmaster-General has over broadcasting.

(h) From what three sources does the BBC obtain its finances?

(i) Explain why the operating costs of the ITA are so low in comparison with those of the BBC.

(j) How does the ITA assess the rental payments that the programme companies have to pay the authority for using its transmitters?

(k) Make a list of the factors that control the type, quality, and quantity of advertisements that appear on independent television.

(l) Construct a diagram showing how commercial television is organized in the United Kingdom.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Who is the present Postmaster-General, and who held the position on each of the dates mentioned in the passage, viz. 1922, 1927, 1937, 1954 and 1963?

(b) When and from where was the first television programme transmitted by (i) BBC and (ii) ITA? Give the name of the transmitters that cover your area, and indicate which are BBC and which ITA.

(c) Complete Table 17:

TABLE 17

Year	Number of licences issued		
	TV/Sound	Sound only	Car radios
1950			
1962	11,983,683	3,495,834	509,685
1965			

(d) Make a list of at least **ten** current BBC publications.

(e) What are the powers and functions of the Governors of the BBC; what are their salaries; and how long is their term of office?

(f) Make a list of the **main** recommendations of the Pilkington Report (1962), indicating which were accepted by the Government and incorporated in the Television Act (1963).

(g) Find out the name of the Director-General of (i) the BBC and (ii) the ITA.

(h) Having found out the name of the present *Governors* of the BBC and the *Members* of the Independent Television Authority, write a short biography of each.

- (i) Find out the names and addresses of at least **ten** television programme companies.
- (j) Write a paragraph of explanation on any **two** of the following:
 - (i) The European Broadcasting Union,
 - (ii) The International Telecommunications Union,
 - (iii) Eurovision,
 - (iv) Transatlantic Vision.
- (k) Write an essay on any **one** of the following:
 - (i) The BBC,
 - (ii) The ITA,
 - (iii) The Programme Companies.

The student is advised to deal with (a) the history, (b) organization, and (c) functions, services and responsibilities of each.

DISCUSSION TOPICS

- (I) What are your views on the suggestion that a proportion of the BBC governors and members of the ITA should be popularly elected? Who would vote — everyone or only certain sections of the community? Why?
- (II) The importance of both television and radio as means of propaganda suggests that their operation should not be left in private hands; on the other hand, there are perhaps even greater dangers in the services being operated by the Government in power. Yet some form of public control is desirable; but what kind?
- (III) Can you see any advantages in the establishment of local radio and television stations? Were they to be established, whom would you like to see controlling them — the BBC or private enterprise?
- (IV) Each of the following quotations has been taken from the National Union of Teachers' publication *Popular Culture and Personal Responsibility*. Read them carefully and then discuss each one in turn:

- (i) "My complaints about television programmes are not so much that blood is spilt or men are killed as that they express the idea that human disputes can be settled by fisticuffs or by guns, and not by reason. This indeed is a dangerous philosophy to inculcate in the minds of children." (Sir Ronald Gould, General Secretary of NUT.)
- (ii) "When I see young people, young lovers, being persuaded that it is smoke that seals the bargain, and other emotions being exploited in this way, I think it is downright evil." (J. K. Nutley, Friends Temperance and Moral Welfare Union.)
- (iii) "Things should be on the level. If the question is, 'Where is the Congo?' and the answer given is 'Somewhere in India' the prize should be lost immediately. The tendency in quiz programmes is to help people get started by coaxing them and not treating them as responsible participants, with real character, and ultimately degrading them. Could not this be finally excluded from quiz programmes?" (Dr. Stafford Clark.)
- (V) The ITA has a duty to see that all advertisements appearing on independent television comply with the requirements of the Television Acts; hence, advertisements by the *Daily Worker* have been refused because the ITA decided that that particular paper was wholly political; films by the Institute of Directors, because they had a political end, have been rejected; advertisements for family planning are withheld because they are directed — it is said — to religious ends. How far do you think that this type of censorship over advertising should be taken?
- (VI) By virtue of the glamour it places on sex, violence and the "I'm-all-right-Jack" attitude, television — particularly advertising on television — threatens our moral values. To what extent do you think that this is correct? If it is correct, do you think it is necessarily a bad thing? Are our present-day

values the right ones for the age we live in, or are they out-dated?

(VII) At present, party political broadcasting in this country is a privilege restricted to the three major parties — Labour, Liberal and Conservative, the smaller parties having to content themselves with other means of putting their policies over to the public. To what extent do you think that this practice is compatible with the principles of Democracy, one of which is freedom of expression?

14. *The Post Office*

THE Post Office with its staff of some 366,000 is a Government department. It is also the oldest of Britain's State undertakings. In 1657, under the Protectorate of Cromwell, an Act of Parliament was passed which declared that "there shall be one general post-office and one officer, styled the Postmaster-General of England and Comptroller of the Post Office". (1)

The ministerial head of the Post Office is the Postmaster-General who, with the Assistant Postmaster-General, is responsible to Parliament for his department. Six of the main divisions of work at headquarters are carried down into the organization of three directorates — Scotland, Wales and Border Counties, and Northern Ireland — each under the control of a director of the Post Office, and, in England, seven regions, each under the control of a director; London has two directors, one for postal services and one for telecommunications. In the United Kingdom there are about 470 head post offices, nearly 25,000 subordinate post offices, and 57 telephone areas.

The Postmaster-General normally presides over the meetings of the Post Office Advisory Council, on which the principal users of the Post Office services are represented. In addition, there are about 190 local Post Office Advisory Committees which are formed on the initiative of, and are maintained by, local interests, and are not organs of the Post Office.

The work of the Post Office falls into two main categories: (a) direct services — mail services, telecommunications and remittance business; (b) agency services — savings services, broadcasting services and other business undertaken on behalf of Government departments. (2)

Although a Government department, the Post Office is also an

immense trading concern. The *Post Office Report and Accounts for 1961-62* showed that its income that year was £495.3 million and its expenditure £481.7 million, leaving a surplus of £13.6 million. The postal service earned a surplus of £1.0 million and the telegraph and telephone services earned a surplus of £12.6 million.

The Post Office Act, 1961, changed the status of the Post Office in order to give greater recognition to its commercial character. While it remains a Government department, its finances have been separated from the Exchequer and a separate Post Office Fund has been established which is managed by the Postmaster-General, and into which all Post Office receipts are paid and out of which all payments are made. Treasury control over the Post Office is confined to investment and foreign exchange, and the pay and conditions of Post Office staff, who are still civil servants. The Post Office is required, while maintaining its standard of services, to ensure that its income is enough, taking one year with another, to pay its expenses. Parliament is still able to debate and ask questions about Post Office policy and management and to control Post Office charges and borrowing. (3)

The development of postal communications in Britain can be traced from the time when horsemen carried dispatches to the Tudor Court up to modern airmail transport. There was a great expansion in the postal services in the eighteenth century with the introduction of mail-coaches in 1784. In the first half of the nineteenth century the Post Office was quick to take advantage of Britain's early lead in engineering and railway development, and the first dispatch of mails by train was made in 1830 between Liverpool and Manchester.

The inauguration of the penny post (the uniform charge for any inland distance being prepaid by means of postage stamps, which originated in Britain) in 1840 was followed by a rapid extension of the scope of the postal services. The registered post, ensuring additional safety for valuable mail, was introduced in 1841. The money order system, which had operated as a private venture from 1792 to 1838, was supplemented in 1881 by the issue of postal orders for fixed amounts. Letterboxes had been instituted in London in

1855 to facilitate the increased postal traffic, and in 1883 the parcel post was introduced. By the end of the nineteenth century a regular delivery of letters was assured to every house in Britain. (4)

(*Britain: An Official Handbook* (1963 edition), HMSO.)

1. (a) In your own words, explain what is meant by the following:
 - (i) the Protectorate of Cromwell;⁽¹⁾
 - (ii) telecommunications;⁽²⁾
 - (iii) remittance business.⁽²⁾
 (b) Using synonyms where possible, explain what is meant by: presides, initiative, categories,⁽²⁾ inauguration, prepaid, originated, instituted, facilitate.⁽⁴⁾
 (c) Study the first paragraph of Section 3 in readiness for a dictation test. Pay particular attention to:
 - (i) the spelling of *immense*, *accounts*, *expenditure*, *surplus*, and *service*; and
 - (ii) the way you write down what appears in italics in the passage.
2. (a) Give the first section a heading.
 (b) When and by whom was the post of Postmaster-General first created?
 (c) Give Section 2 a suitable heading and each paragraph in the section a sub-heading. Under the appropriate sub-heading:
 - (i) add a diagram to illustrate the nationwide organization of the GPO;
 - (ii) show the main difference between the Post Office Advisory Council and the 190 *local* Post Office Advisory Committees; and
 - (iii) show how the work of the Post Office falls into two main sections.
 (d) Give Section 3 a heading.
 (e) Rewrite the second paragraph of Section 3 in **your own words**.

(f) Having given Section 4 a suitable heading, rewrite the information given in the section in tabular form. (The student is advised to use a system of dates as the basis for his table.)

RESEARCH

In each case acknowledge the source of your information.

3. (a) Find the names of the following:

- (i) the first Postmaster-General;
- (ii) the present Postmaster-General;
- (iii) the present Assistant Postmaster-General.

Write a "potted" biography of each.

- (b) Write a short composition entitled *Rowland Hill and Post Office Reform*.
- (c) When and why was the gummed *penny black* stamp introduced?
- (d) Give the year when the first underwater telegraph cables were laid between England and (i) France, (ii) Belgium, and (iii) Newfoundland.
- (e) Who was responsible for the invention of the telephone?
- (f) Explain what is meant by:
 - (i) the telegraph,
 - (ii) the telephone, and
 - (iii) the Telex service.
- (g) What is "STD", and when was the system introduced into the UK?
- (h) State the charges for the following:
 - (i) sending letters by Inland Letter Post;
 - (ii) sending a 3 lb. 12 oz. parcel within the UK;
 - (iii) sending a telegram within the UK;
 - (iv) installing a telephone in a private dwelling;
 - (v) making a local call (a) on a private telephone and (b) from a public telephone kiosk.
- (i) What is the poundage charged on (i) a £5 Postal Order; and (ii) a £5 Money Order?

(j) Complete Table 18 (see Section 3 in the passage), and then give it a title.

TABLE 18

Year	Income (£million)	Expendi- ture (£million)	Surplus (£million)	Deficit or Surplus on	
				(a) Postal services (£million)	(b) Telephone services (£million)
1961-2	495.3	481.7	13.6	+1.0	+12.6
1962-3					
1963-4					
1964-5					

(k) In Section 2 reference is made to the "six main divisions of work at headquarters". What are these divisions?

DISCUSSION TOPICS

(I) As the GPO is run on *commercial* lines, it is expected to show a profit. If, instead, it were organized as a *social service*, certain of its services could be subsidized. This would allow more people — particularly those from the poorer sections of the community — to take advantage of them. Consider the following possibilities: low telephone rental and call charges, enabling the mass of the people to communicate easily, quickly and cheaply by telephone; public telephone kiosks within reasonable distances of each other; free telephones for Old Age Pensioners and the infirm.

(II) If I send a letter to the house next door I am charged 4d.: if I send it to the other end of the country, perhaps to a farm

half-way up a mountain, the charge is the same. Do you consider this fair? What are the advantages of the present system?

- (III) The GPO is a State Monopoly. This being so, it is illegal for private enterprise to run a postal delivery service. What are the advantages of this practice? Do you think it fair that it applies even when the Post Office workers are on strike?
- (IV) The GPO offers many miscellaneous telephone services. One can phone up for the time, weather reports, test match scores, and even — in Hull anyway — for bedtime stories. Suggest some other beneficial services that might be introduced in this field.

15. Social Security and National Health

OUR Social Services have been described as "the modern expression of a long tradition of humanitarianism and mutual aid". During the Second World War Sir William (later Lord) Beveridge drew up a model plan for these services, and declared that their object was "the destruction of Want, Disease, Squalor, Ignorance and Illness". Three years later, in 1945, Family Allowances of 5s. a week (since increased) for each child after the first were introduced to meet the obvious needs of young families, which have always pressed hard upon the wage-earner. And in 1946 the National Insurance Act put the coping-stone on the slowly built-up structure of services, requiring everybody to pay contributions towards a nation-wide provision of help in the event of sickness, unemployment, bereavement of women and children, and for old age. Thus a person's minimum needs are met. For further help in cases of necessity, National Assistance replaces the old Poor Relief. (1)

Our public social services are rooted in the voluntary social services of older days. In the Middle Ages monks and nuns cared to some extent for the poor, the sick and the aged. The medieval guilds helped their less fortunate members and the widows and orphans of deceased members; they also endowed schools and almshouses. In the Tudor Age, as the charitable work of the guilds and monasteries disappeared, a poor law was created for those who could not, or would not, work, and Elizabeth's great Poor Law Code (1601) remained the law of the land for more than two centuries. Friendly Societies, too, have certainly been in existence since the eighteenth century, probably longer; these provide subscribing members with assistance in sickness, and other benefits; and (as we know) the example was followed by many trade unions. (2a)

For some time the only social services provided by public

authorities were those connected with the poor law and with education. During the greater part of the nineteenth century public opinion resented too much activity on the part of the State, on the ground that it undermined the independence of the individual citizen; in an age of rapid progress it was thought that there was no excuse for anyone, unless actually disabled, who was not self-supporting. However, a great extension of State activities did gradually take place. Besides housing and sanitary reforms, parks and recreation grounds were opened in many towns; libraries and swimming baths were built. Then came the great work of Asquith and Lloyd George. (2b) But it was the emergencies and suffering of the two world wars of the twentieth century which gave the greatest impetus to social reform. In particular, the devastation of big towns by air attack in 1940-1 and 1944 created a situation in which the State had daily to find first-aid, food, homes, and even employment for people who had lost everything. The evacuation of mothers and children from slum areas into country districts also gave many people first-hand knowledge of slum conditions, so that public opinion was prepared to welcome big developments in social services after 1945. (2c)

Some important social services are concerned with employment, ranging from the work of the factory inspectors, who ever since 1833 have administered an increasingly effective code of laws to protect workers against accident, disease and overstrain, to that of the Labour Exchanges (started by Mr. Churchill in 1909) and their more recent offshoot, the Juvenile Employment Bureaux. But the most obvious necessity is the health services, which try to produce a fit nation. For unless people are fit the most perfect system for organizing employment will fail. (2d)

The most important development in the health services came with the National Health Service Act of 1946. This Act aimed at providing a universal health service by means of doctors (both general practitioners and specialists), hospitals, and eventually health centres, free to all. It meant that everyone could get, according to need, free medical and dental treatment, and free provisions of drugs, dentures and spectacles. [*In an attempt to halt the heavy and*

often senseless demands made upon the NHS, charges for certain things have been introduced; and many of these — although the prescription charge has since been abolished — still remain DT, 1966.] (3a)

Health services also arrange for the welfare of the blind and deaf and crippled, and for mental defectives and others who are unable to lead a normal life. (3b)

Social services play a very important part in the health of young citizens. When a baby is born, a trained health visitor calls at the home and gives any advice necessary. Considerably more than half the children under one year of age are brought to Infant Welfare Centres, where they are weighed and examined, and where the mother can obtain advice and arrange to get milk, orange juice and other foods free or at a reduced price. There may be an opportunity for a child to attend a nursery school, but in any case it will go to an infant school at the age of five. Then it will not only be educated, but will come under the care of the school doctor, nurse and dentist. All children are medically examined at least three times during their school life and more frequently by the school nurse. This school medical service, with its open air schools for invalid children, has greatly improved the health of the children, and the average height and weight have increased at every year of age. (3c)

The hospitals of Britain include about one thousand which were founded by voluntary benefactors, together with those provided by public authorities, including many former Poor Law institutions. Apart from the great teaching hospitals, which have a special position in the training of doctors, all hospitals now partake equally in the work of the national health service under the control of Regional Boards. Special dispensaries and sanatoria exist to deal with tuberculosis; although the first government grants to aid such institutions were made only in 1911, an almost nation-wide service now exists. (3d) Deaths from tuberculosis had fallen in 1938 to a third of the number in 1900; and other scourges of past times, such as cholera and smallpox, have almost disappeared. Typhoid fever, which accounted for 1228 deaths per million people living in 1838, was responsible for only 174 per million in 1900, and only 5 per million in 1938. Most impressive of all is the fall in the death-rate

among infants under one year, which in 1900 was 156 per thousand in England and Wales and 130 in Scotland — a terrible total and one which had actually got worse during the preceding quarter of a century. This figure has now been reduced by 80 per cent. Families are smaller; the total population increases more slowly, and the proportion of pensioners and of the aged in general is higher than in previous times; children therefore have an enhanced value to the community. But the chief credit for the change is due to the wide scope and efficiency of the health services. (4)

(Abridged.) (Jarman, T. L. and Derry, T. K., *The Making of Modern Britain*, Murray, 1962.)

1. (a) Without altering the meaning of the passage in any way, replace the following words by synonyms or short phrases:
subscribing,^(2a) progress,^(2b) administered,^(2d)
opportunity,^(3c) impressive.⁽⁴⁾
(b) Illustrate the meaning of **five** of the following words by using them in sentences:
bereavement,⁽¹⁾ charitable,^(2a) evacuation,^(2c)
preceding, enhanced, proportion.⁽⁴⁾
(c) For each of the following words, write a sentence to illustrate a meaning *different* from the one used in the passage:
model, declared,⁽¹⁾ social,^(2a) invalid,^(3c) credit.⁽⁴⁾
(d) **In your own words**, explain what is meant by the following:
humanitarianism, mutual aid, a coping-stone,⁽¹⁾ a medieval guild, an almshouse, a Friendly Society,^(2a) a dispensary.^(3d)
2. (a) What were the objectives of the Beveridge Plan?
(b) Today, the State takes the responsibility for seeing that everybody's "minimum needs" are met. What, according to the authors, are these basic needs, and how in fact does the State meet them?

- (c) Under a suitable heading, write a note-form history of the provision of social services in this country.
- (d) Why was nineteenth century public opinion so much against the State provision of social services?
- (e) What part did the Second World War play in the development of social services in the United Kingdom?
- (f) Give Section 3 a suitable heading, and each of its parts sub-headings.
- (g) **In your own words**, state the aims of the 1946 National Health Act.
- (h) What does the NHS set out to do for the deaf, blind, crippled and the mentally defective?
- (i) **In your own words**, show how children and young people benefit by the NHS.
- (j) In tabular form, re-write the information given in Section 4. Place the table under a suitable heading.

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Write short biographies of Lloyd George, Lord Beveridge and Aneurin Bevan.
- (b) Give the name of the Minister in charge of each of the following Government Departments. Indicate those who are members of the Cabinet:
 - (i) Health,
 - (ii) Housing and Local Government,
 - (iii) Pensions and National Insurance,
 - (iv) Education and Science.
- (c) Write as much as you can about the Poor Law Code (1601).
- (d) How much does a family receive in Family Allowances if there are four children — aged 1, 6, 12 and 17? Explain how you arrived at your answer.
- (e) Attempt to complete Table 19 (suitably adapted to suit your particular needs) giving information about the most

important social service acts of the immediate post-war years.

TABLE 19

Act	Main provisions	Amendments to Act (if any)
Education Act (1944)	(a) (b) (c) (d)	
National Insurance Act (1946)		
National Insurance (Industrial Injuries) Act (1946)		
Family Allowances Act (1946)		
National Health Act (1946)		
National Assistance Act (1948)		

- (f) Complete Table 20 showing the cost in £millions of the NHS in England and Wales, Scotland, and Northern Ireland in the years mentioned. (In brackets, place the *approximate* cost per head of the population in each case.)
- (g) In your own words, explain the procedure for changing one's doctor.
- (h) Complete Table 21 showing the weekly National Insurance contributions for an *employed person*. In the brackets show the amount of this contribution that goes towards the cost of the NHS.

TABLE 20

	England & Wales	Scotland	N. Ireland
1960-1	()	()	()
1961-2	()	()	()
1962-3	()	()	()
1963-4	()	()	()
1964-5	()	()	()
	()	()	()

TABLE 21

Men		Women	
Under 18	Over 18	Under 18	Over 18
()	()	()	()

(i) Write an explanatory essay on any one of the following:

- The Graduated Pension Scheme,
- The Provision of Housing by Local Authorities,
- Child Welfare,
- The Youth Service,
- Old People's Welfare,
- Providing for the Physically Handicapped,
- The Beveridge Plan.

(j) Write an essay entitled *The State's Changing Attitude to Welfare and Social Security*. Approach the subject from an historical standpoint, drawing attention to:

- the Tudor attitude (e.g. Poor Law Act, 1601);

- (ii) the principles underlying the so-called Poor Law Reform Act (1834);
- (iii) the Victorian period of gradual reform;
- (iv) twentieth century reform; and
- (v) the establishment of the Welfare State (e.g. the Acts of the immediate post-war years).

DISCUSSION TOPICS

- (I) The Welfare State encourages people to rely more on the State and less on themselves. Do you think that this is a good or a bad thing?
- (II) Many people are of the opinion that charges — sufficient to discourage people from misusing the Health Service — should be made for such things as prescriptions, spectacles, dentures and dental treatment, etc. Do you agree or disagree with this? What are the advantages and disadvantages of these charges?
- (III) "A higher standard of health should result in greater physical fitness and greater efficiency of the worker." Discuss the principles involved in this statement.
- (IV) Would it not perhaps be better to replace the present Family Allowance payments by a system of free milk, some essential foodstuffs, etc., for all children under, say, 16?

16. *The Citizens' Advice Bureaux*

BEFORE the Second World War there was a variety of voluntary organizations which provided information and advice — trade unions, friendly societies, case work and relief organizations, and local branches of political parties. But there was no single organization to which people of all classes, irrespective of creed, colour or political allegiance, could turn for information on or advice about the growing varieties of personal and social problems which inevitably emerge as society itself becomes more complex. Even in the inter-war years there was an intricate and complicated network of social provisions which defied the understanding of the man in the street, and, one suspects, of the officials responsible for them. But it was not until 1939 that firm proposals were made by the National Council for Social Service for the setting up of Citizens' Advice Bureaux which would "make available for the individual accurate information and skilled advice on many of the personal problems that arise in daily life; to interpret legislation; and to help the citizen benefit from and use wisely the services provided for him by the State."

It was just as well that these proposals were made because within a few months war was declared and the first air raids were to reveal dramatically the absolute necessity for establishing centres at which the bombed-out could be given advice and help to solve their problems. The statutory authorities were inadequately prepared to deal with problems of this kind, but the voluntary National Council of Social Service had created a skeleton organization and within a week of the outbreak of the war about 200 Citizens' Advice Bureaux were established, mostly in the large towns throughout the country. (1)

What is a CAB and how is it organized? As the handbook says:

"It is a service established by the citizens of a locality, with the support of a national movement . . . to give advice on *any* problem which the enquirer cares to bring." And above all such information or advice is given impartially. It was the fact that they were seen to be independent of central and local government (even though they were partly supported by central government finance) which created the atmosphere of confidence so necessary to attract people of all classes.

Establishing a local citizens' advice bureau is one of those processes at which the British people are particularly adept. Usually a representative body of men and women with varied interests, affiliations and backgrounds come together to form a sponsoring committee, and nowadays they would be encouraged and advised by a full-time regional officer of the National Citizens' Advice Bureaux Committee. Care would be taken to include representatives of the local authority, organizations such as the Chamber of Trade, trades councils, the churches, and of course persons having specialized knowledge such as local officers of various Government departments and professional social workers would be invited to serve in an advisory capacity. (2)

The structure of the CAB movement is highly formalized despite its essential voluntary basis and great care is taken nowadays to ensure that the high standards of service established over the past 25 years are rigorously maintained. Working through the National Committee and Regional Advisory Committees, and guided by full-time officers even the smallest CAB in some isolated part of the country feels itself to be, and has to be recognized as, a part of a national movement. Financially the service was established out of voluntary funds, though under the Local Government Act, 1948, local authorities were given power to grant-aid a CAB. Many local authorities accepted this responsibility and more recently the central Government has provided finance to enable the bureaux to undertake specialized functions especially in connection with consumer protection. Essentially, however, the financial responsibility for the upkeep of a bureau belongs to the local committee. (3)

With the decline in financial support at the end of the war, and the

assumption by many people that CABs were unlikely to be needed in peacetime there was a considerable reduction in the pace of development. Many bureaux were closed, but the expansion of social legislation in the late 1940s and the extensions of the functions of the State in social and economic affairs leading to what we now call the Welfare State have in fact created new needs for an information and advice service. None of us can know all our rights and duties under the complicated social security legislation, the health service acts, the housing, town planning and rent acts, the education and children's acts, the legal aid and advice acts, the traffic acts, the hire-purchase acts and the myriad other varieties of acts of Parliament which directly affect the citizen; nor can we possibly know which central or local government department or voluntary organization is the most appropriate for dealing with a given problem. (4a)

The numbers of all enquiries at all CABs in the country in the 1950s and 1960s have usually been between a million and a million and a half each year, ranging from simple requests for information, such as where is the nearest post office, to extremely intricate questions about matrimonial problems, landlord and tenancy agreements, income tax and National Insurance, hire-purchase agreements and consumers' rights. It is possible for accurate information and advice to be given on *any* problem because of the remarkably thorough information service provided by the permanent officers of the National Committee, through information leaflets, booklets and the excellent continuous series of Citizens' Advice Notes. (4b)

Apart from the giving of information the movement performs an extremely valuable function as a sounding board or feedback system for the Government. The amount of data which it has provided, especially in recent years, on the reaction of the citizen to Government policies and the evidence which it has supplied to Royal Commissions and Committees of Inquiry has grown enormously. (4c)

The independence of the movement has not yet been threatened and the impartiality of the workers has not been questioned, but some of the functions which workers are being asked to perform

may well place them in a position of appearing to take sides. For example, when an enquirer wants to know about one of the many Administrative Tribunals established in recent years, and asks the worker to accompany him when he has to appear, problems of impartiality may well be raised. To move from giving advice to defending the client is a relatively short step, and once taken would prevent the movement from performing its proper and vital functions.

At the moment the movement is in good heart. It seems unlikely that there will be any falling off in demand for these services because the complexities of our economic, social and political systems cannot easily or quickly be eradicated, and our present educational system offers little prospect of producing future citizens more knowledgeable and more capable of answering their own queries than those of us educated in earlier years. (5)

The structure of the organization is sufficiently strong for it to be able to look to the future with confidence provided, of course, there are men and women of integrity and goodwill who are prepared to serve their fellow citizens. Even if statutory information services were established on the lines suggested in the Beveridge Report (that "there should be in every local Security Office an Advice Bureau to which every person in doubt or difficulty can be referred") is it not likely that we should still prefer the independent and impartial voluntary service which has served so many people so well in the past? (6)

(Abridged.) (Marsh, Professor D. C., *New Society*, 21 May 1964.)

1. (a) Using synonyms where possible, explain the meaning of the following words as they are used in the passage:

irrespective, allegiance, defied,⁽¹⁾ impartially, adept,⁽²⁾ rigorously,⁽³⁾ myriad,^(4a) eradicated,⁽⁵⁾ integrity.⁽⁶⁾

†Professor Marsh is Professor of Social Science at the University of Nottingham.

(b) Use any **six** of the above words in sentences to show that you can use them correctly.

(c) Explain what is meant in the passage by the following phrases:

- (i) "to interpret legislation";⁽¹⁾
- (ii) "a sponsoring committee";⁽²⁾
- (iii) "an advisory capacity";⁽²⁾
- (iv) "consumer protection".⁽³⁾

(d) What is (i) a trades council, and (ii) a Chamber of Trade?

2. (a) Construct a plan of the passage by giving each section a heading, and each sub-section a sub-heading.

(b) From where could people obtain information and advice before the establishment of Citizens' Advice Bureaux? Are these sources still available to people? Can you suggest some that are *not* mentioned in the passage?

(c) Give a list of (i) the *reasons* why CABs are so important in a modern community, and (ii) the functions they perform.

(d) What effect did the outbreak of the Second World War have on the establishment of CABs?

(e) Construct a well-labelled diagram to illustrate the organization of the Citizens' Advice Bureaux.

(f) How are CABs financed?

(g) What two reasons are offered by the author to explain the waning activity of the CABs at the end of the Second World War?

(h) To what extent — and why — did the introduction of the Welfare State in the late 1940s speed up activity in the movement?

(i) How does a Citizens' Advice Bureau succeed in giving an enquirer "accurate information"?

(j) What does the author mean when he says that the Citizens' Advice Bureaux also act as a "sounding board for the Government"?

- (k) What practice is threatening the impartiality of the organizations' workers?
- (l) Why is it unlikely that there will be a falling off in the demand for the services provided by CABs?
- (m) Do you agree with Professor Marsh's statement that "our educational system offers little prospect of producing future citizens more knowledgeable and more capable of answering their own queries than those of us educated in earlier years"?⁽⁵⁾ Explain your answer.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Find out the address of your nearest Citizens' Advice Bureau.
- (b) Explain what is meant by *Legal Advice*.^(4a) There are two Legal Advice Schemes — the *Voluntary* and the *Statutory*. What are the main differences between them?
- (c) What is *Legal Aid*, and what is its purpose? Do you think it is a good or a bad thing? Why?
- (d) The administration of the Legal Aid Scheme and the Legal Advice Scheme has been entrusted to the *Law Society*. Find out as much as you can about this society, and then write a short composition on it.

DISCUSSION TOPICS

- (I) Discuss the meaning of each of the following quotations:
 - (i) "We give advice but we cannot give the wisdom to profit by it" — François de la Rochefoucauld (1615–80);
 - (ii) "To profit from good advice requires more wisdom than to give it" — J. C. Collins (1848–1908); and
 - (iii) "When a man comes to me for advice, I find out the kind of advice he wants, and I give it to him" — J. Billings (1818–85).
- (II) Human nature being what it is, a voluntary organization does not always attract the best *qualified* people. This being so, do you think that it would be better if all Citizens' Advice

Bureaux workers were employed by the Government, either at local or at national level? What system of payment could be used to the best advantage — a consultancy fee, an hourly payment, or a fee based on qualification?

- (III) The mere fact that Citizens' Advice Bureaux exist reflects the sad fact that present day society with its countless restrictions is far too complicated. Or are these restrictions necessary?
- (IV) "If our educational system did its work properly, the CABs would be unnecessary." Do you agree with this? Why? Should the Government — through the press, TV and radio — do more work in informing the public of its work and the implications of the laws it passes? Are there any dangers in this?

17. Education

INTRODUCTION

To help the student towards a better understanding of the issues involved in the following two exercises — both concerned with Education — it is advised that the following pieces of factual information are obtained, and the implications inherent in them discussed.

1. British education falls into three main stages: Primary, Secondary, and Further. Explain each type.
2. There are three types of secondary education: Modern, Grammar and Technical. In what ways do they differ?
3. In these days of experiment in secondary education, we frequently come across such terms as *comprehensive*, *multi-lateral* and *bi-lateral* schools. Explain these terms.
4. Explain what is meant by the following "technical" terms:
 - (i) a Local Education Authority (LEA);
 - (ii) an *Excepted* District;
 - (iii) a public school;
 - (iv) a "prep" school;
 - (v) a *special* school;
 - (vi) a College of Advanced Technology (CAT).
5. Explain the difference between:
 - (i) a *maintained* grammar school and a *direct grant* grammar school; and
 - (ii) an *aided* school and a *controlled* school.

A. Some Aspects of Secondary Education

Most thinking people are dissatisfied with much that passes as "education" in secondary schools of all types in England and Wales

today. As a consequence, all sorts of conferences and discussions are going on, the Minister asks for reports, and experiments are made in many directions. But there is a reluctance to face the basic issues and to admit, for instance, that much which pupils have to learn in secondary schools is irrelevant to the lives they will live as adults and often does not provide them with suitable background knowledge for grappling with any of the problems to be faced in the next few decades. (1)

In the world today with its abundant sources of information, the real function of the secondary school is not to *teach* (in the accepted sense of the word), but to provide opportunity for creative mental activity and for learning. The very word "teacher" is an anachronism in secondary education if it still suggests any of the omniscience of Goldsmith's village schoolmaster. For true learning can be achieved only by the pupil himself, as a result of his own experience and his own thinking.

Of course the pupil needs guidance and practice in disciplining his thought, but before that he needs the motivation for thinking. First-hand contact with the natural environment, laboratories, workshops, libraries and newspaper reading rooms, all these are essential, but the pupil must have a wide degree of freedom to use these facilities: the syllabus of a written examination cramps and confines; "the examiner makes men after his own image".

One of the most outworn school traditions, which unfortunately still affects most pupils under sixteen, is that they are subjected to teaching during all, or almost all, of the school periods. (2)

Despite the effects, long ago, of the Dalton plan, despite wonderfully successful efforts in many primary schools to let quite young children follow their own bent and investigate and read and write in a responsible manner, using class and school libraries, for the majority of pupils under sixteen in secondary schools learning means little more than exposure to chalk and talk.

The reason, of course, is that preparation for written examinations means knowing how to put down in the right way and at the requisite speed the sort of information, or evidence of practice in certain forms of intellectual manipulation, for which the panels of

examiners, themselves closely controlled in order to achieve universal fairness, are looking. Accordingly, as every year a higher proportion of youngsters is entered for written examinations, externally assessed, so every year the process of secondary education is further deflected from its main purpose. (3)

Everyone will agree that these purposes include, in addition to loftier aims:

(a) some understanding of the society in which the pupils are growing up and its demands and its problems; (b) some background knowledge which later may help in understanding to some extent a few of the scientific, political and economic problems of humanity as a whole; (c) the ability to find information from books of reference and other reliable sources; (d) enjoyment of the art of studying whatever it is that one wants to study, whether it be rabbit-keeping or space travel; (e) some experience in the application of critical thought to the ideas and values put over by the mass media — Press, television, radio and film.

But the achievement of these educational purposes, and others of the same order, can never be assessed by written examination. Indeed, the more relevant is education to the life, health and happiness of the educand the less adapted is it to be assessed by any examining authority. (4)

It is to be hoped that the experts engaged in the new team work of "administrators, architects, builders, local authority officials and teachers" referred to by Sir David Eccles on 20 April (1962) will have in mind objectives akin to the five given above, so that we may get away from the present stereotyped and limiting pattern of building. For surely, if these five objectives are to be achieved to any extent, the following changes are essential:

- (1) There must be, in every school, a library building sufficiently large to accommodate at least one-fifth of the school, so that every pupil can escape from the nervous strain of chalk and talk and, instead, learn for himself during at least one hour of quiet per day. (5a)

- (2) There should be a newspaper reading room, with daily and weekly papers representing all shades of political opinion and, in addition, some representation of the American Press, and of that of any countries whose languages are studied in the school. (5b)
- (3) School buildings should contain, in addition to the usual assembly hall, classrooms, etc., a study hall and several projection rooms of different sizes so that the utterly uneconomic formula of "one teacher to one class" can be abandoned.

This formula, and small classes, are essential for primary schools. But secondary schools today have at their disposal, thanks to television, broadcasting and documentary and teaching films, lessons of a quality which the individual teacher can never hope to equal — for he has not the resources. Yet only a small proportion of secondary schoolboys and girls benefit from what should be the birthright of English children in the middle years of the twentieth century. The others, for reasons of time-tabling, limitation of rooms, and the restrictions of the examination syllabus, are subjected mainly to second-rate lessons given by teachers who are compelled to teach too many hours per day.

If only schools had projection rooms seating up to 200 pupils on comfortable seats with a writing pallet in front — as in a modern university lecture room — there could be a great economy of teaching power. After the broadcasts, if there were a large study hall, such as even the junior high schools of the United States provide, or if the library were large enough, the pupils could quietly write up their notes, benefiting from the immediate recall of what they had heard and "fixing" the knowledge in the process of writing.

Schools cannot, however, be built to provide more learning and less teaching until the Ministry realizes that in the long run it is cheaper to provide more floor space than more teachers and the Treasury permits the Ministry to raise the sum (at present £310) per place which authorities are allowed to spend in building secondary schools. (5c)

- (4) Every school must be given an adequate number of technicians for laboratories and projection, and, perhaps, para-educational staff to act as consultants and helpers in study hall and library. Schools in the USSR benefit from a rota of voluntary helpers, usually retired teachers and students; here many such might be willing to help for nominal payments. (5d)
- (5) Finally, the total of hours at present available for school broadcasts and telecasts is utterly inadequate. The Third Programme network should be made available for schools all day and local school broadcasts and telecasts also provided.

Mass media can greatly improve the process of conveying information, but, of course, they can never supplant the teacher. Indeed, it is he who chooses the mass media lessons and develops the learning process around them. Also, they deepen the demand made upon him. But they can relieve him of some of his burden, to enable him to perform better those tasks of influencing outlook, guiding character development, and establishing values in taste and morals which are the central part of his vocation. (5e)

(Dobinson, Professor C. H.,[†] *The Observer*, 15 July 1962.)

1. (a) Replace the following words used in the passage without altering the meaning:

dissatisfied, reluctance, irrelevant,⁽¹⁾ abundant, environment,⁽²⁾ requisite,⁽³⁾ accommodate,^(5a) compelled.^(5c)

(b) Use any **five** of the following words in sentences to show that you can use them correctly:

motivation, facilities, subjected,⁽²⁾ exposure, manipulation, assessed, deflected.⁽³⁾

(c) Give the meaning, and then find out the derivation of:

(i) anachronism, and (ii) omniscience.

(d) Explain what is meant by:

(i) "creative mental activity";⁽²⁾

(ii) "written examinations, externally assessed";⁽³⁾

[†]Professor Dobinson is Professor of Education at Reading University.

(iii) "the present stereotyped and limiting pattern of building";^(5a)

(iv) "para-educational staff".^(5d)

2. (a) Professor Dobinson opens by stating that "most *thinking* people are dissatisfied with what passes as 'education' in *all* types of secondary schools in this country." Read the passage again very carefully, and make a list of the causes of his dissatisfaction.

(b) Rewrite Section 2 **in your own words**.

(c) Give some reasons why the author is against the present system of school examinations.

(d) What is it that the author likes about many of the experiments taking place in primary education?

(e) In the passage mention is made of five aims of secondary education. What are they; do you agree with them?

(f) It is the author's belief that if these "five objectives" of secondary education are to be achieved, major changes will have to be made in school buildings, equipment and organization. Make a list of the changes he recommends.

(g) Why — according to the author — is the idea of "one teacher to one class" uneconomical in secondary schools?

(h) Give some reasons to support the author's idea that "in the long run it is cheaper to provide more floor space than more teachers".

(i) Re-read the passage in its entirety and then, under a suitable heading, write a list of the functions and responsibilities of a teacher. Do you agree with these? Are there any others you can suggest?

RESEARCH

In each case acknowledge the source of your information.

3. (a) Who is the present Minister of Education? Write a short biography of him.

(b) In Section 5a mention is made of Sir David Eccles, then

Minister of Education. In whose Government did he serve? Who succeeded him at the Ministry of Education?

- (c) Find out from books dealing with educational ideas what is meant by the "Dalton plan" mentioned in Section 3.
- (d) One often hears of "school governors". How are they chosen? What work do they do? Do they serve a useful purpose?
- (e) How are "Parent-Teacher Associations" formed? Do you know of any active associations working in local schools? What are the objectives of these associations? Are they necessary?

DISCUSSION TOPICS

- (I) Carefully examine the following quotations, and then discuss their implications:
 - (i) "Education has for its object the formation of character." — Herbert Spencer.
 - (ii) "I have never let schooling interfere with my education." — Mark Twain.
 - (iii) "Education begins a gentleman, conversation completes him." — Proverb.
 - (iv) "Life isn't all beer and skittles; but beer and skittles, or something better of the same sort, must form a good part of every Englishman's education." — *Tom Brown's Schooldays*.
 - (v) "In communist countries children are *conditioned*; in the 'Free' World they are *educated*."

What, in your opinion, does the education system in this country set out to do? Does it succeed? Do you think that its aims are morally right or wrong; do they compare well with those in other countries, such as, say, the USSR, China, the Scandinavian countries and the USA?

- (II) Do you think that education should be under complete Government control — with teachers as civil servants — or should much of the control remain in the hands of local authorities? Think of some of the advantages and disadvantages of the two systems.

(III) Should headmasters and headmistresses have the right to dictate the general appearance of their pupils — clothing (especially uniforms), hair styles, use of make-up, etc.? To what extent should schools interfere in the private lives of their pupils outside school? Should schools, for instance, impose curfews on their students, stop them eating fish and chips in the street, and ban them from many public places — certain dance halls, cinemas, youth clubs, etc.?

(IV) "Of course, there are bad parents. Their attitude is: 'Why bother to teach Jenny good manners or the facts of life when the school will do it for us?' And because the schools are gradually trying to take this job over, these parents forget that it is basically their job to teach their sons and daughters to be honest citizens, to care for others, and not to steal." (Colin Chapman, *Sun*, 4 November 1964.)

Do you think Mr. Chapman is being fair here? Whose job is it to teach citizenship, or to give the facts of life? Where does the parent's job end and the teacher's begin?

(V) What is the purpose of the "Prefect System" in our schools? Is the system successful in achieving its objective? Is the objective morally good or bad? Why?

(VI) Read carefully the following statement by Jack Longland (*Popular Culture and Personal Responsibility*, prepared for the NUT by Brian Groombridge) and comment on its meaning:

"There are almost certainly too many teachers who have not got a telly or, if they have, rarely manage to watch it between 6 and 9 when children mostly do, who practically never visit the cinema and cannot bear to look at either the glossies or the comics; who avoid the more cheese-cakey Press and have never been to Butlin's. And most of them feel that they should not be blamed for these cultural omissions; they have too much to do, and if they had more time they think there are better ways of spending it. . . ."

(VII) What part do you think political instruction and discussion should play in the school curriculum? (Before you begin,

first decide what differences — if any — exist between political instruction and indoctrination.)

B. A Case for Comprehensive Schools

CONSERVATIVES have branded comprehensive schools as the creation of doctrinaire Socialists; the term "levelling down" is used to abuse the basic idea; the Minister of Education accuses the LCC of wishing to destroy the London grammar schools and too many otherwise fair-minded people have their doubts.

It is time we cleared our minds of prejudice. Otherwise we are in great danger of failing to appreciate one of the greatest and most successful achievements in State education in this country. After 5 years teaching in a large comprehensive (and I went there rather overawed by the thought of 2000 boys and 100 staff) I am convinced that we have, in these schools, the answer to most of our secondary education problems. The boys think so too, for the proportion that stays on after fifteen is far larger than the national average.

My school was a grammar school with a strong technical department. It gradually grew to four times its original size by accepting, over successive years, an ever-wider intake. We have now, for several years, been fully comprehensive; that is, at each age group, we have a complete span of ability from top grammar to near educationally subnormal. (1) -

Our grammar school was not destroyed; on the contrary, it has expanded. With the same number of so-called grammar-type boys our GCE O- and A-level subject passes have shot up and our university and training college entrants are much more numerous. In fact, over half of our academic successes are achieved by boys who, at eleven, were deemed unsuited to academic courses. Last year we had to award prizes for special merit in GCE O-level examination in 27 different subjects and at A-level in 18 different subjects. We are not quite sure how to take it when defenders of the grammar schools argue that the scholastic traditions of these institutions must not be destroyed when we, and other comprehensives, have so patently extended rather than diminished them.

In spite of our academic success we are far from being a swot shop. Indeed, some of us complain that far too much energy is devoted to non-academic activities. We have very active fencing teams, rowers, and sailors, cross-country runners, swimmers, gyninasts, athletes, golfers, rugby teams, soccer teams, basket-ball teams, cricket, hockey, badminton and fives teams. Our choral and dramatic activities are widely praised. We have clubs and societies which meet during the evenings or at lunch time. These include societies based both on school activities and the hobbies and interests of the boys. In fact, there is little that we do not do, and nothing we do not do well. Above all, the boys who take part are drawn from every part of the school. Almost all can, from the wide range available, find some sport or leisure activity at which they are above average and in which they can find success. (2)

Variety is, of course, the key to our success in all our activities. Each of the ten or twelve courses we offer at each age group has its own emphasis. Almost every boy can find himself in a course which appeals to him, is relevant to the career he intends to follow, is suited to his particular ability and aptitude, and which will make him a responsible citizen and a more rounded personality.

We have purely academic courses, modified academic courses for those who move less rapidly, scientifically orientated courses, engineering, building, art, craft, and literary courses. Each has its own bias but each has its hard core of general education. Over half our staff are graduates, many with good honours degrees; all the others have some special qualification, interest, or ability. Our classes for retarded boys each have their highly trained and devoted master. Our immense sixth form is taught by people whose qualifications are, often, equal to those of university lecturers. Our size enables staff as well as boys to concentrate on their own particular interest, be it French literature, history for the less able, or interior decorating. Consequently we are a genuinely happy school; the misfit is very rare indeed. Among staff our turnover — always a barometer of school morale — is well below the average for grammar schools; among boys our juvenile delinquency rate —

which measures the health of a school as accurately as anything — is well below the national average. (3)

Fluidity is one of our striking characteristics. Ease of movement between courses is one of our aims. The school is designed to adapt itself to the needs of the boys as and when they become apparent and if we have not already planned for them. The first 2 years, 11 to 13, are diagnostic years in which the boys will indicate to themselves and to us where their abilities, interests, and aptitudes lie. Latent ability often begins to show itself; late developers can blossom; errors of the 11-plus can be forgotten and rectified, parental wishes, cultural attitudes, and personal characteristics will crystallize and become explicit. Then, at 13, a choice is made, and for the majority this choice proves the correct one. If, however, a change is indicated at any time it can be made easily and smoothly.

Many of these advantages, of course, are merely economies of large scale; but the ways in which our opportunities are exploited are the result of continuous discussion and debate within the school. It is true to say that the opportunities offered by the comprehensive schools have attracted into them staff of a very high calibre and with a profound interest in all aspects of education.

While we do exploit our sheer size so profitably it is natural that some parents and others should be concerned with the idea that the individual boy can easily become lost and neglected in a large school. This, of course, could happen; it is entirely a question of organization. I do not think that it happens in any of the large schools with which I am familiar. It certainly does not happen in mine. Strangely, one does not hear this criticism levelled at the large public schools, or grammar schools, and yet they are often as large as the average comprehensive. Is it that people are disturbed by the thought of ordinary children being taught in huge and expensive buildings but are used to better-off children receiving such treatment? (4)

Our boys are attached in groups of about thirty to one master from the age of 13 until they leave school. This master, known as a tutor, is responsible for his charges' general welfare. He keeps the records, interviews the parents, answers all questions, and provides a direct avenue to the head or his deputy. These tutorial groups are

attached to one of the four houses and the housemaster is always there for reference and guidance when necessary. Also, each form has its own master who is responsible for the more impersonal academic activities of the boys. He, too, has direct access to the top when necessary. Some of us complain that we spend too long coping with the personal problems of the boys and their parents. Certainly we do not neglect them.

We are always being visited. There is always a continuous stream of educationalists from every corner of the earth. We are glad to show them what we are doing and they go away properly impressed. Many of them are sent to us by the Ministry of Education. It makes us wonder who is doctrinaire when the Ministry of Education publicly denigrates our efforts. (5)

(Squibb, P. G.,[†] *The Guardian*, 28 May 1962.)

1. (a) By using synonyms or short phrases replace the following words that are used in the passage:

branded, prejudice, appreciate,⁽¹⁾ patently,⁽²⁾ retarded,⁽³⁾ adapt,⁽⁴⁾ coping, denigrates.⁽⁵⁾

(b) Write sentences to illustrate the meaning of the following words:

abuse,⁽¹⁾ orientated,⁽³⁾ diagnostic, exploited, calibre.⁽⁴⁾

(c) Explain what is meant by the following phrases:

- (i) "doctrinaire Socialists";⁽¹⁾
- (ii) "a swot shop";⁽²⁾
- (iii) "latent ability";⁽⁴⁾
- (iv) "economies of large scale";⁽⁴⁾
- (v) "impersonal academic activities".⁽⁵⁾

(d) Change the meaning of the following words by either adding or replacing the prefix:

- (i) interior, (ii) appreciate, (iii) subnormal, (iv) relevant,
- (v) accurately, (vi) expensive, (vii) personal, (viii) necessary, (ix) attached, (x) responsible.

[†] Mr. Squibb, formerly of the Wandsworth School, London, S.W.18, is now a Senior Lecturer at Bingley Training College, West Riding.

2. (a) It must be remembered that the above passage was written in 1962. Has the attitude of the Ministry of Education to comprehensive education changed any since that date? Are there any other facts that help to date the passage?

(b) What single human quality — according to the author anyway — makes it difficult for us to appreciate the work done by comprehensives? Do you think that this is fair comment?

(c) Make a list of the reasons why the author thinks comprehensive schools "are the answer to most of our secondary education problems".

(d) Defenders of the grammar schools maintain that comprehensive education destroys the "scholastic traditions of these institutions". State what is meant by this, and then make a list of the facts the author uses to disprove this theory.

(e) Is too much stress placed on academic success in the comprehensive schools? Qualify your answer by reference to the text.

(f) Explain the author's statement that "variety is the key to our success".

(g) What is meant by the statement that "staff turn-over" is "always a barometer of school morale"?

(h) Why do comprehensive schools attract teachers of a high calibre?

(i) Under a suitable heading, make a list of the duties of a "tutor".

RESEARCH

In each case acknowledge the source of your information.

3. (a) Who was the Minister of Education referred to in Section 1?

(b) Find out the name of the Chief Education Officer of your County or County Borough.

(c) The passage is a case **for** comprehensive schools. Now, in note form, make out a case **against** this form of education.

(d) Find out as much as you can --- and then write an essay on --- any **one** of the following:

- (i) The History of Education in England and Wales.
- (ii) Higher Education in England and Wales.
- (iii) Adult Education.
- (iv) English Public Schools.

DISCUSSION TOPICS

- (I) In Sweden a child commences compulsory education at 7; in this country the age is 5; he may be placed in a nursery school at 3. What age do you consider the most suitable? Why?
- (II) There are many controversies associated with the school leaving age. Some say it is too early; others maintain that many teenagers are incapable of benefiting from secondary education. What are your views on this? Do you think that the sudden jump from school into the world of industry and commerce is too big for the average teenager to take easily? Should pupils in their final year at school perhaps work part-time in industry? Should further education be made compulsory for young people under 21?
- (III) Much "brain power" is lost to the country every year because many intelligent youngsters — for various reasons — do not stay on at school after the age of 15. Should these bright youngsters be forced into completing their secondary education; or should they be paid a "salary" while being educated? After all, students undergoing higher education receive grants, why not grammar school students?
- (IV) There are many implications in the following statements. Discuss them.
 - (i) "The 'Eleven-Plus' might well be a bad thing, but the practice of 'streaming' is essential."
 - (ii) "What's wrong with the public schools is that the wrong people go to them."
 - (iii) "In a Democracy, schools should not attempt to influence society; society should influence the schools."

(V) Many schools are now supplying their pupils with breakfasts; some are even talking of catering for evening meals. (Throughout Further Education, of course, the provision of meals and snacks other than at midday is an accepted practice.) Consider the advantages and disadvantages of this practice. Are schools trying to take over too many of the parents' duties and the family's functions?

18. *Political Parties*

ALTHOUGH there are important organizational differences, certain main elements will be found in the general structure of each party: constituency associations linked together in area federations and a national organization; the annual conference of the national organization which provides an effective channel of communication between the party front benches in Parliament and their supporters in the country; the leader of the party; the party's central office staffed by professional workers; and the party in Parliament.

The basic unit of party organization in the country is normally the parliamentary constituency, and the Conservative, Labour and Liberal parties are all organized in this way. (1)

Conservative constituency associations are composed of individual members, who are resident in the constituency or have business interests therein, and who subscribe annually to party funds. In all associations, men and women are members on an equal footing; in many, there are separate sections to cater for the special interests of women; in almost all, there is a section for "Young Conservatives" between the ages of 15 and 30 years. The associations have complete autonomy in the day-to-day management of their affairs: they are free to elect their own officers, to select and appoint their own agents, to adopt their own candidates for parliamentary and local government elections (the former from a list of names approved by the party's Standing Advisory Committee), to raise and administer their own funds, to plan and carry out their own publicity programmes, and to conduct the election campaigns in their constituencies in their own way. There is a fairly wide variety in their structure throughout the country, but in most of them the principal officers are the president, the chair-

man, three vice-chairmen (one man, one woman, and one Young Conservative) and the honorary treasurer. The governing body is normally the Executive Council, which is presided over by the chairman and served by the agent in the capacity of secretary. The council deals with all matters affecting the association and it elects representatives to the national and regional organizations. It also appoints, annually, a number of committees, including a finance and general purposes committee and committees to deal with such subjects as political education, trade union affairs and local government. In constituencies in which the Conservative Party is highly organized, branches of the association have been set up in each ward or polling district for conducting normal constituency work. A number of local branch members are normally named as representatives from the branch to the Executive Council to act as a channel of communication between the branch and the association as a whole. (2)

Labour constituency associations have two classes of membership: affiliated organizations and individual members who are organized in wards and similar groups. Affiliated organizations include trade unions, co-operative societies and branches of the Co-operative Party, branches of socialist societies or professional organizations which are affiliated to the Labour Party nationally, trades councils, or "any other organization or branch thereof" deemed by the national organization as eligible for affiliation. Individual members, who must be 16 years of age or over, function in ward groups or polling district committees. They must be attached to the appropriate organization operating in the area where they reside or where they are registered as parliamentary or local government electors; they must accept and conform to the principles and policy of the Labour Party; and they must, if eligible, belong to a trade union affiliated to the Trades Union Congress and, if the union is affiliated to the Labour Party, must contribute to its political fund. Women's and youth sections provide additional facilities for women members and for young members up to 25 years of age. The Labour constituency associations are subject to a somewhat greater measure of supervision from the centre than are their Conservative and Liberal

counterparts, but in general they administer their own affairs, elect their own officers, raise and administer their own funds, select their own candidates and appoint their agent subject to the approval of the national organization, undertake their own publicity programmes, and conduct election campaigns in the constituency on behalf of the party. The affairs of the constituency associations are controlled by a General Committee, which consists of delegates elected by the affiliated organizations and representatives of the individual members. An executive committee is elected annually by the General Committee from among its own members to direct the work of the association under the supervision of the General Committee. The executive committee normally consists of the officers of the association (the president or chairman, two vice-presidents, the treasurer, the financial secretary and the secretary) and as many additional members as the General Committee shall decide. The executive committee may set up sub-committees to deal with social and recreational aspects of the work of the association, with the distribution of literature and with the usual range of political activity. (3)

Liberal constituency associations are similar to those of the Conservative Party in that they are composed of individual members, who acquire membership through annual subscriptions to the party funds. They are responsible for their own organization, working arrangements and finance; they sponsor Liberal candidates in national and local elections; and they undertake the usual educational and publicity work. In addition, they are expected "to keep watch upon the legislative and administrative work of the Government especially as it affects the needs and interests of the district and to direct the attention of local authorities, the public and the press to the importance of these subjects, and to the methods by which Liberals believe they should be handled". (4)

In many constituencies, an agent is appointed by each of the three parties to be the chief organizer of party activities in the area. Many of these agents are full-time, salaried officials, who hold certificates (issued by the party headquarters) which guarantee their knowledge of election law and allied matters, although there are a

number of part-time agents, particularly in the Labour and Liberal parties. The duties of the agent include acting as the secretary of the constituency association and serving as executive assistant to the local member of Parliament. Before elections, the agent is also expected to act as business manager to the prospective candidate. In constituencies where there is no full-time agent, additional part-time election agents or organizers may be appointed for this purpose. The salaries of agents are borne on constituency association funds. (5)

(*The Organization of Political Parties in Britain*, Central Office of Information. R.4243, July 1959.)

1. (a) Find suitable synonyms (and antonyms for those marked by asterisks) for the following words as they are used in the passage:
subscribe, autonomy,* administer,* capacity,⁽²⁾ deemed,* eligible,* function,⁽³⁾ composed,⁽⁴⁾ allied.*⁽⁵⁾
- (b) Find out the origin of the following five words used in the passage:
Parliament, programme, contribute, supervision, prospective.
2. (a) Structurewise, what have the three main British political parties in common?
(b) What is the basic unit of Party organization? How is this sometimes further split up?
(c) Under a suitable heading:
 - (i) state how one qualifies to become a member of a Conservative constituency association;
 - (ii) make a list of the principal officers at constituency level;
 - (iii) make a list of the duties of the Executive Council.
- (d) Give Section 3 a heading.
- (e) Explain how one can become (i) an affiliated member and (ii) an individual member of a Labour Party constituency association.

(f) In your own words, complete the following:

(i) The General Committee of a constituency Labour Party, which controls
....., consists of

(ii) The Executive Committee is elected by the

(iii) The Executive Committee normally consists of
 (a) or;
 (b) two;
 (c) the;
 (d) the;
 (e) the;
 (f) the

(iv) It is the duty of the Executive Committee to

(g) Find a heading for Section 4.

(h) What special job is given to the Liberal Party constituency association?

(i) Under a suitable heading:

(i) state who appoints party agents; and
 (ii) make a list of an agent's duties.

(j) In tabular form, make a list of the functions of the constituency associations of the three main parties. The following is offered as a suggested plan.

	Conservative		Liberal		Labour
(a)	Elects constituency party officers	(a)		(a)	
(b)		(b)		(b)	

RESEARCH

In each case acknowledge the source of your information.

3. (a) The passage deals with the party organization at constituency level. Write an essay dealing with organization at national level of any **one** of the main British political parties. Illustrate your work by including a well-labelled diagram showing party structure.

(b) In note-form, write a history of any **one** of the main British political parties.

(c) Complete Table 22, giving the names of the chief personnel and the addresses of the main parties at both national and constituency level:

TABLE 22

		National level	Constituency level
CONSERVATIVE	Chairman Address
LABOUR	Chairman Gen. Sec. Address
LIBERAL	Chairman Secretary Address
COMMUNIST	Gen. Sec. Address

(d) Find out the membership of the following parties:
Communist; Labour; Liberal; Conservative.

(For the Labour Party differentiate between "individual" and "affiliated" members.)

(e) Find out the addresses of at least **five** recognized British political parties other than those mentioned above. (Should you be sufficiently interested in finding out more about any of them, suitable literature will be sent to you if you write to the party concerned.)

(f) Construct a wallchart to show the policies of the three main British political parties, and the Communist Party of Great Britain. The following is offered as a guide.

	Conservative	Liberal	Labour	Communist
Economic	(a) (b)			
Taxation				
Pensions				
Housing				
Education				
Health				
Public Ownership				
Transport				
Defence				
Foreign				

DISCUSSION TOPICS

(I) To what extent, if any, do you think that (i) national politics should enter into Local Government; and (ii) the national parties should interfere with the affairs of the local parties?

(II) Do you think that political parties should be independent of outside financial support? The Trade Unions and the Co-operative Movements, for instance, both support the Labour Party, whereas it is common knowledge that "Big Business" supports the Conservatives.

(III) How much influence, if any, do you think should be exerted

on party policies by the youth organizations attached to the parties? Why is it, do you think, that most political parties — with the exception of the Conservatives — fail to attract large numbers of youngsters to join their organizations? Do you think that this is a reflection of the health or the decadence of our society? What do you think of the political systems of those countries that have — or have had — large political youth organizations? Had you been a teenager in the Germany of the 1930s, do you think you would have joined the Hitler Youth Movement? Why?

(IV) What part has the Liberal Party to play in present-day British politics? How do you consider the role and the policies of such parties as Plaid Cymru (Welsh Nationalist), the Scottish National Party and the Communist Party?

(V) Read the following quotations very carefully, and then (i) state how much truth is contained in each, and (ii) in your own words differentiate between a politician and a statesman:

“A politician is a person with whose politics you don’t agree; if you agree with him, he’s a statesman.” (David Lloyd George.)

“A politician thinks of the next election; a statesman, of the next generation.” (J. F. Clarke.)

“A statesman shears the sheep, the politician skins them.” (Austin O’Malley.)

(VI) Theodore Roosevelt (1858–1919) once said: “The most successful politician is he who says what everybody is thinking most often and in the loudest voice.” Do you agree with him? Why?

(VII) To what extent do you think that MPs and local councillors should be free to vote as conscience dictates and not as the party dictates?

(VIII) Should local councillors be paid?

(IX) Party politics often means intrigue, scheming and chicanery, against which the individual is generally helpless. The party

system also means that there is neither stability nor continuity in the running of public affairs — on both local and national levels — for with each change of Government there is a change of policy. Explain what is meant by the above, and then decide whether, if true, this is a good or bad state of affairs.

19. The Co-operative Movement (I)

CONSUMER Co-operative societies are, in some ways, in the same position as trade unions. They do not grow out of a complete industry, service or craft, they are created by members of a local community. In essence a co-operative society is an association of persons formed to meet a common need. It is usually financed and governed by the persons who join it. (1)

A Consumer Co-operative Society is not formed by one group of persons in order to sell goods at a profit to another group. If I become a shareholder in a *company* making shoes, it does not matter very much if the company stops making shoes and makes wheelbarrows instead. My concern as a shareholder is with the rate of profit I receive on my shares.

When I become a member of a Consumer Co-operative Society my object is to buy goods because I need them. If I join in order to buy bread and milk and coal and the society ceases to provide them, my purpose in joining the society is defeated. The shareholder in a private company invests for profit; the shareholder in the co-operative society invests for the goods and services he may thus obtain. (2)

A profit-making company may welcome the take-over bid of a wealthy capitalist if the price offered is large enough. Usually the shareholders will not break their hearts because of the sell-out. A co-operative society, since it is formed by and for the convenience of its member-consumers, is interested in carrying on the business whatever offers a capitalist may make. Of course, two co-operative societies may merge to form a larger one, but this usually enables the new society to increase the range of goods and services offered to members. It is important to grasp the fact that business for service and not

for profit is the governing principle in the consumer co-operative society. (3)

(Bailey, J.,† *Democratic Politics*, a Co-operative Party Publication.)

1. (a) In your own words, explain what is meant by each of the following:
association,⁽¹⁾ consumer co-operative society, shareholder,⁽²⁾ take-over bid.⁽³⁾
(b) Use each of the above in sentences to show you can use them correctly.
2. (a) Give the passage a title, and each section a heading.
(b) In what ways are co-operative societies like trade unions?
(c) In your own words define what is meant by a co-operative society.
(d) Explain the differences between "private" and "co-operative" enterprise.
(e) Why, according to the author, is it unlikely that a shareholder in a private concern would be unduly concerned by a take-over bid?
(f) What is the governing principle of a consumer co-operative society? Do you agree or disagree with this principle?

(A series of Research Questions based on the Co-operative Movement follows the next passage.)

†Jack Bailey, one time Secretary of the Co-operative Party, was honoured in the 1964 New Year's Honours List, when he was made a Knight Bachelor.

The Co-operative Movement (II)

THE founders of the Co-operative Movement laid down certain principles which still distinguish a co-operative society from an ordinary business concern. Capital receives only a limited rate of interest in a co-operative society. After this fixed return has been paid the net surplus goes back to the customer-members as a dividend on purchases.

Of course, like any other sound business concern, a co-operative society has to provide against wear and tear of plant, machinery, equipment, business premises and so on; it has also to provide reserve funds of various kinds to strengthen the security of the society or to assist in providing more shops and other services. Who gets the surplus produced by a capitalist society? The persons who own the business of course, even if never in their lives have they bought a single one of the firm's products. (1)

In a Consumer Co-operative Society the shareholder is paid a limited reward for the use of his money. Usually, however, he purchases the goods sold by his society and thus helps to create the surplus which is left after all costs have been met from the proceeds of the business. In his capacity as customer he receives a share of the surplus he has helped to make. If he buys nothing from the society he receives nothing but the fixed interest payment upon his shares. Since the society was founded in order to do a job for its members, it is natural that the incentives and rewards offered by the society should be related to the doing of that job. The emphasis is laid less on ownership than on the use of the services the business provides. That is a basic principle of co-operation. (2)

Not only is the influence of capital limited by fixing the rate of interest and distributing the surpluses amongst the customers, it is further limited by the adoption of the principle "one man one vote". Thus if you have £5 or £1000 invested in a Consumer Co-operative Society you have only one vote. A person who invests

money in a society and nothing more is less likely to be interested in the trading policy of the society than a customer member. At present a co-operative shareholder may not hold more than £1000 in shares in his society though, if the rules of the society permit it, he may open a loan account once he has reached the £1000 mark. (3)

The Co-operator welcomes capital to his society because he knows it will not lead to domination by investors since it is subscribed by individuals who have a defined but limited influence over the affairs of the society. The earning power of the share is not increased when the business of the society becomes more prosperous; nor can the shareholder dispose of his shares at a higher price than he gave for them. There are thus no personal capital gains derived from a co-operative society investment. It is astonishing that anyone who compares the character of co-operative share capital with that of ordinary private enterprise capital should fail to see the significance of the difference between the two. (4)

(Bailey, J., *Democratic Politics*, a Co-operative Party Publication.)

1. (a) In tabular form, give a suitable synonym for each of the following words, and an antonym for each one marked by an asterisk:

distinguish, * assist,⁽¹⁾ capacity, incentives,⁽²⁾ influence, surplus,⁽³⁾ subscribed, dispose.⁽⁴⁾

(b) Use any **five** of the above words in sentences to show that you can use them correctly.

(c) Give the meaning of the following sentences:

(i) "Capital receives only a fixed limited rate of interest in a co-operative society";⁽¹⁾ and

(ii) "The earning power of the share is not increased when the business of the society becomes more prosperous."⁽⁴⁾

(d) What is the difference between "interest on shares" and "dividend"?

2. (a) Summarize the first *paragraph* by using a heading and a single sentence.

(b) What happens to any surplus "profit" after the fixed interest has been paid?

(c) Give the second paragraph a suitable title.

(d) The second section deals with the second basic principle of co-operation. What is this principle?

(e) The third basic principle appears in Section 3. What is this principle, and why was it adopted?

(f) What is the difference between "co-operative share capital" and "ordinary private enterprise capital"?

(g) Because of a fourth basic principle of co-operation (Section 4) no one can speculate in co-operative shares on the Stock Market. What is this principle?

(h) It is obvious that this passage deals with some basic principles concerning the financial side of the Co-operative Movement. As a final exercise, give the passage a title and then, in note form, give the four basic principles.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Give the following information about the retail co-operative society in your area:

- (i) its full name;
- (ii) the postal address of its head office;
- (iii) the current dividend; and
- (iv) make out a list of the types of business in which the CRS is involved in your area. (The telephone directory might be useful here.)

(b) Give the name of the Secretary and the address of each of the following:

- (i) Agricultural Central Co-operative Association Ltd.

- (ii) Co-operative Party.
- (iii) Co-operative Wholesale Society (CWS).
- (iv) Co-operative Union.
- (c) How many Co-operative Society members are there in the UK?
- (d) Complete Table 23 showing the trading and profit figures of the Co-operative Movement in the UK during the period 1960 to the present.

TABLE 23

Year	Trading figures	Profit
1960		
1961		
1962		
1963		
1964		
1965		

- (e) The history of local co-operative societies is often very interesting. Find out all you can about the one in your area.
- (f) Write a composition entitled either *A Short History of the Co-operative Movement in the United Kingdom* or *The Co-operative Party: Its aims, History and Organization*. (Further information can be obtained from the Secretary of the Co-operative Party, or from the education officer attached to your local Co-operative Society.)

DISCUSSION TOPICS

- (I) It is often argued by co-operators that their system reduces costs because, by putting the producer in direct contact with the consumer, the middleman is avoided. Why is it, then, that prices are often lower in the large private enterprise supermarkets? Or is the service offered by the Co-op more important than price?

(II) "Co-operation will never replace private enterprise and the profit motive." Discuss.

(III) Not all Co-op "profit" is returned to the customer in the form of dividend: some is kept back to cover depreciation, and for expansion. In this respect the Co-operative Movement resembles private enterprise. However, large sums are also used for the education of its members, and for political activities to further the principles of co-operation. What are your opinions of this practice? Should Co-ops have the right to take part in politics, or should their activities be restricted to trading? What benefits do they get from taking part in politics?

20. *Types of Trade Unions*

ACCORDING to the *Ministry of Labour Gazette* (November 1955) 666 separate unions in the UK accounted for a total trade union membership of 9,662,000 in 1955. However, 67.2 per cent of the total membership were members of seventeen large unions, each with a membership of over 100,000, while only 1.1 per cent of the total membership could be accounted for by 368 unions, each with a membership of less than 1000; 248 unions with individual membership of between 1000 and 25,000 accounted for 13.3 per cent of the total membership; and the remaining 18.4 per cent of the membership were members of 33 unions with individual memberships of between 25,000 and 100,000. (1)

The largest unions tend to be either "industrial" or "general" unions, whereas the "craft" unions — with a few notable exceptions — tend to be small.

The "craft" union seeks to organize all employees in a single or several related occupations, regardless of the industry in which at the time they are employed. It was the first stable form of union organization to emerge, depending for support on the material advantages associated with the enforcement of apprenticeship regulations, with its bargaining power, and with its friendly benefits. Through a process of amalgamation these unions have expanded and have become national rather than local and regional in character. (2a)

Modern industrial growth has led to what is perhaps the most characteristic and significant feature of British trade union organization, the existence of two large general workers' unions — the Transport and General Workers' Union and the Union of General and Municipal Workers, which together cast about a quarter of the total votes at the annual Trades Union Congress.

These unions were formed in the early 'twenties by amalgamation with those small unions which had been formed to cater for those less-skilled workers excluded from the craft unions. Further, the fact that the general workers' unions acknowledged no theoretic limits to their domain (i.e. they opened their doors to all workers without distinction as to occupation or industry) enabled them freely to enter those fields of employment which most of the other unions were prepared or compelled to ignore. (2b)

The third type of union admits to membership all employees in a particular industry or service whatever their occupation. This type of organization had its heyday in this country in the first quarter of the present century, but by this time craft unions and the new amorphous general workers' unions were well established. However, the idea has caught on in many industries, particularly in mining, rail transport, the Post Office, iron and steel, and agriculture. (2c)

(Flanders, A., *Trade Unions*, Hutchinson, 1960.)

1. (a) Discuss the meaning of each of the following words, and then use the last **five** in sentences to show that you can use them correctly:

regardless, stable, emerge, enforcement, expanded,^(2a)
theoretic, domain, compelled,^(2b) heyday, amorphous.^(2c)

(b) What does the author mean by "material advantages"?^(2a)
(c) Give some examples of the "friendly benefits" offered by the craft unions.^(2a)
(d) **In your own words**, give a definition for each of the following terms often heard in connection with trade union affairs:

(i) unofficial strike,	(ii) lock-out,
(iii) card vote,	(iv) conciliation,
(v) arbitration,	(vi) closed-shop,
(vii) collective bargaining,	(viii) demarcation dispute,
(ix) restrictive practices.	

2. (a) Put all the information given in Section 1 in tabular form, and then give the table an appropriate title.
(b) Give Section 2 a suitable heading.

(c) Under an appropriate sub-heading, rewrite 2a in note form, giving the following information:

- (i) a definition of a craft union;
- (ii) the reasons for the *early* stability of craft unions; and
- (iii) their expansion.

(d) Place 2b under a relevant sub-heading, and then summarize in note form.

(e) Follow the same procedure for Section 2c.

(f) Place your final summary under a general title.

RESEARCH

In each case acknowledge the source of your information.

3. (a) In what ways does an "unskilled" worker differ from (i) a "semi-skilled" and (ii) a "skilled" worker? Give specific examples of each.

(b) Make a list of the **ten** largest trade unions in the UK, placing in brackets after each the type of union it is, i.e. whether Craft, Industrial or General.

(c) Give the names of the "Industrial" unions that dominate those sectors of the economy mentioned in the last sentence.

(d) Make a list of as many "Craft" unions as you can.

(e) Complete Table 24.

TABLE 24

Abbreviated title	Name in full	Address	Secretary	Membership	Tick if affiliated to TUC
AEU					
ASW					
NALGO					
NUGMW					
NUM					
NUR					
NUT					
TGWU					
USDAW					

21. *The Trades Union Congress*

AMONG the best known of abbreviations used in Britain are the three initials TUC. They stand for an organization which since 1868 has had a continuous existence as a permanent association of trade unions and which, each year, turns itself for one week into an assembly of delegates meeting together to discuss common problems. That organization is the Trades Union Congress, which since its founding has so raised its standing in the life of the nation and in the wider affairs of international labour that it has won the unchallengeable right and authority to speak for the organized workers of Britain. (1)

The executive body of Congress is the General Council, first constituted in 1921 to replace the old Parliamentary Committee which had been in existence since 1869 and which had a much smaller membership and more limited responsibilities and functions. The main task of the Parliamentary Committee, as its name suggests, was to keep an eye on legislation and to interview Ministers of the Crown and Members of Parliament when the need arose.

The thirty-four members of the present General Council are elected by the annual Congress to give centralized leadership on questions of broad national policy for the whole Trade Union Movement in Britain. Through the General Council, too, regular relations are kept up by the Trade Union Movement with the Government, with employers' organizations, and with a very large number of advisory and consultative bodies concerned in particular with social and economic problems affecting public interests as a whole. (2)

As a permanent association Congress is constituted by the affiliation of trade unions paying an affiliation fee of 1s. 3d. a

member each year. At present the affiliated membership is more than eight million.

Any trade union may apply to affiliate to the TUC but the General Council do not canvass for such applications. A union must make up its own mind about seeking affiliation and must provide the General Council with detailed information about its rules, its membership and its finances. By taking this initiative itself a union expresses its willingness to shoulder the responsibilities of membership of Congress and freely offers its loyalty to Congress decisions. The worth of this procedure may well be reflected in the fact that once admitted, unions do not voluntarily leave Congress and their general loyalty to decisions is such that the membership and prestige of the Trades Union Congress have steadily increased. In addition, affiliation is a testimony to the bona fides of a trade union organization. When examining applications for affiliation the General Council have full discretion to consult other affiliated bodies and to come to a decision which they then report to the annual Congress. (3)

The unions affiliated to Congress vary in size and character and in the views they hold on organization. There are craft unions, industrial unions, general workers' unions, non-manual and professional bodies. Broadly speaking, the craft unions believe that organization should be based upon the tool operated. The industrial union believes that workers should be organized on the basis of the commodity they produce, while the general workers' unions evolved from the organizing of the unskilled.

Despite these differing theories of organization, which have in other countries brought unions into serious conflict with each other, we have still been able, largely through the existence of the TUC, as a single national co-ordinating body, justifiably to talk of "the British Trade Union Movement" as a single entity. (4)

(*ABC of the TUC*, a TUC Publication, 1964.)

1. (a) Give the meaning of each of the following words, using synonyms where possible:

functions,⁽²⁾ constituted, affiliate, discretion,⁽³⁾ evolved, co-ordinating, entity.⁽⁴⁾

(b) Use any **five** of the above words in sentences to show that you can use them correctly.

(c) Explain what is meant by:

- (i) "the General Council do not canvass for applications";⁽³⁾ and
- (ii) "affiliation is a testimony to the bona fides of a trade union organization".⁽³⁾

(d) Why do we say "a union" rather than "an union"? Give **five** further examples to illustrate your answer.

(e) State the difference between the use of "continuous"⁽¹⁾ and "continual".

2. (a) Why, according to the author, has the TUC "won the unchallengeable right and authority to speak for the organized workers of Great Britain"?

(b) Make a list of the duties and functions of:

- (i) the Parliamentary Committee; and
- (ii) the General Council.

(c) How are the members of the General Council elected?

(d) Give a rough estimate of the TUC's income from affiliation fees.

(e) A union affiliates to the TUC on its own initiative and must be prepared to give the General Council much detailed information. What virtue does the TUC see in this practice?

(f) Why can the British Trade Union Movement be considered as a single entity?

(g) Give the passage a suitable title and each section a suitable heading.

RESEARCH

In each case acknowledge the source of your information.

3. (a) In not more than thirty **of your own words**, state the importance of the year 1868 in trade union history.

(b) Give (i) the address and (ii) the names of the present chairman and the general secretary of the TUC.

(c) Find the names of the two largest unions not affiliated to the TUC.

ASSIGNMENT

Write an extended essay on any **one** of the following, each student taking a separate subject. The completed scripts can then be collected and formed into a book to be made available to the class.

- (i) The History and Structure of the TGWU (or any of the following: AEU, NUGMW, NUM, USDAW, NUR, NUT, NALGO, ASW).
- (ii) The History of British Trade Unionism.
- (iii) The History and Structure of the TUC.
- (iv) Trade Unions and the Law.
- (v) The International Labour Organization (ILO).

22. *The Voluntary Character of the Trade Unions*

THE structural development of British trade unionism has greatly depended upon its voluntary character. But the word "voluntary" may be open to misunderstanding. It does not imply the absence of any form of compulsion in trade union recruitment. In *Industrial Democracy* the Webbs attacked the "strange delusion in the journalistic mind that . . . compulsory trade unionism, enforced by refusal to work with non-unionists, is a modern device". They pointed out that, on the contrary, it was "coeval with trade unionism itself".

"The trade clubs of handcraftsmen in the eighteenth century would have scouted the idea of allowing any man to work at their trade who was not a member of the club."

British trade unionism is a voluntary movement in the sense that it has relied primarily upon its own strength and not upon legal sanctions to reduce the number of non-unionists, to obtain recognition from the employers and to counteract the growth of break-away unions, in short, to establish itself as an effective regulative influence. (1)

Although the trade unions have always sought to prevent employers from engaging non-unionists, where they were strong enough to do so, they have rarely tried to secure exclusive bargaining rights. The very structure of British trade unionism makes this impracticable, since there are no industries and relatively few establishments where only one union organizes all employees. (2a) Craft unions have insisted with varying degrees of success that certain types of work should be executed only by their members, but this has been but one aspect of the device which the Webbs called

"restriction of numbers", a means of protecting the craft, and the wages and working conditions associated with it. (2b)

In contrast to the United States, there are few collective agreements in Great Britain which stipulate that employees must belong to the union or unions which are signatories of the agreement; the compulsion to join a trade union — where it exists — remains largely "silent and unseen". Since the repeal of the 1927 Trade Disputes and Trade Unions Act in 1947, a number of Local Authorities have introduced membership of a trade union as a condition of employment, and many co-operative societies have maintained a similar provision for some time. But generally, whilst many employers are willing to express their preference for employees who are organized and would not risk employing a non-unionist at least in certain occupations, they are not prepared to enter into a formal binding commitment. (2c)

This is also true of the nationalized industries. Coalmining under private ownership was about the only industry in the country in which agreements existed providing for the employers' deduction of union dues from the workers' wages. After nationalization the National Union of Mineworkers sought a national agreement which would extend this practice to all coalfields. The National Coal Board was prepared only to continue existing district arrangements for maintaining union membership; in districts where there were no arrangements, they undertook "to tell their officials to do what they could to persuade all workmen to join the Union". Union dues are deducted from wages only where workmen agree in writing to this being done. (2d)

The enforcement of trade union membership by employers as a result of collective agreement might seem to be no more than the logical outcome of the unions' efforts to secure the all union shop as a result of their bargaining power. Yet there is an essential difference between employer and union enforcement even though the former may in the first place be union induced. We might say that the voluntary nature of the compulsion is greatly diminished. The unions are assured of their support regardless of their policies and activities, and there is good reason to fear that this may en-

courage undemocratic tendencies in their own organization. (3)

The British trade unions, however, are unlikely to change their course and endanger their voluntary character for a further reason not yet mentioned. An agreement which stipulated trade union membership as a condition of employment, without specifying the union, is likely to raise the question: what is a bona fide trade union? This is a ticklish subject which the movement has always preferred to leave within its own jurisdiction. (4a)

There are no objective criteria, especially when dealing with the problem of breakaway unions. Most trade unionists would agree with Milne-Bailey in regarding the "splitting-off of a dissident section of a union to form a new organization" as "one of the deadly sins against trade unionism". Every voluntary movement has to develop its own sanctions to maintain its unity and authority, and in recent years non-unionism has been regarded as less of a threat to their effective operation by the British trade unions than the disruptive influence of breakaways. Significantly enough the decision of the London Passenger Transport Board in 1946 to require certain of its employees to be members of the TGWU — which raised a storm of public controversy on the grounds that a Public Board was trying to enforce a "closed shop" — was the result of the union's effort to eliminate the remaining, almost negligible influence of a breakaway union. (4b)

The civil service unions have been troubled most by breakaway organizations. They cannot use the threat of a strike to prevent such bodies gaining recognition and the Government itself cannot afford to become involved in a discussion of the question of what is a bona fide trade union. It must apply some objective test. Thus the handbook on "Staff Relations in the Civil Service" issued by the Treasury states that: "To secure recognition an association must show that it is representative of the category of staff concerned. In the Civil Service recognition depends solely on numerical strength." (4c)

If compulsory trade unionism were made universal either by agreement or by legislation, the same problem would arise. Any dissident body which could obtain sufficient support even among a

small section or grade of workers in a particular industry or service would be able to gain recognition. What has so far been treated as a domestic problem of the trade union movement would become a public issue and a very complicated one. This consequence alone is likely to restrain the movement as a whole from pressing a demand for compulsory trade union membership. (4d)

(Abridged and slightly modified.) (Flanders, A., *Trade Unions*, Hutchinson, 1960.)

1. (a) Using synonyms where possible, give the meaning of the following words:

compulsion, delusion, coeval,⁽¹⁾ engaging,^(2a) executed,^(2b) stipulate, signatories,^(2c) logical,⁽³⁾ bona fide,^(4a) criteria (sing. — ion), dissident, eliminate, negligible,^(4b) category.^(4c)

(b) Use any ten of the above words in sentences to show that you can use them correctly.

(c) What is meant by:

- (i) "the strange delusion of the journalistic mind";⁽¹⁾
- (ii) "legal sanctions";⁽¹⁾
- (iii) "... they have rarely tried to secure exclusive bargaining rights";^(2a)
- (iv) "a formal, binding commitment";^(2c)
- (v) "We might say that the voluntary nature of the compulsion is greatly diminished";⁽³⁾ and
- (vi) "... the disruptive influence of breakaways".^(4b)

2. (a) Find a suitable title for the passage, headings for the sections' and sub-headings for the sub-sections.

(b) Summarize all but the last sentence of Section 1 by using one sentence.

(c) In note form, state what the unions set out to do without the aid of legal sanctions.

(d) What reason has made it impracticable for trade unions in this country to demand exclusive bargaining rights? ^(2a, 4a)

- (e) Give the reasons why craft unions are often involved in "demarcation disputes".
- (f) Why is compulsory trade union membership more common in the United States?
- (g) In what sections of British industry and commerce has trade union membership been a condition of employment? What reasons are offered to account for this development?
- (h) Why has the British Trade Union Movement looked upon "breakaways" as disruptive influences?
- (i) What difficulties affect the Civil Service unions' relationship with their "breakaways"?
- (j) Make a list of the dangers associated with compulsory trade union membership.
- (k) Why do trade unions prefer to maintain the "voluntary" nature of recruitment rather than have membership made compulsory either by agreement with employers or by legislation?

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Make a list of the main provisions of (i) the 1927 Trade Disputes Act and (ii) the 1946 Trade Unions Act. Why was each passed, and what effect did it have on the trade unions?
- (b) In what year was the coal industry nationalized? Who was Minister of Fuel and Power at the time?
- (c) Who is the General Secretary of:
 - (i) the National Union of Mineworkers; and
 - (ii) the TGWU?
- (d) Write a speech setting out the arguments either **for** or **against** the "closed-shop" principle.
- (e) Write short biographies of **four** famous trade union leaders, two living and two dead.

DISCUSSION TOPICS

- (I) Should trade union membership be made compulsory?

Think of some ways in which both employers and employees would benefit by a system of compulsory trade union membership.

(II) Should "unofficial" and/or "wildcat" strikes be made illegal? Why? Should a trade union hold a secret ballot among its members before the union goes on strike, or should the executive of the union have the right to organize a strike on its own initiative?

(III) As the annual cost of strikes is so immense, should the State — in the interests of the nation — interfere and devise a form of compulsory arbitration with the awards binding on both parties?

(IV) Should trade unions be based on the industry concerned, or on the trade of its members? In some countries, trade unions are not based on craft or industry, but on political — and even religious — affiliation. Which system would you like to see in operation here? What in the present system would you like to see abolished, or amended? What innovations would you make?

23. *The Confederation of British Industry (I)*

ITS ORGANISATION AND MEMBERSHIP

THE CBI has been founded to promote the prosperity of British Industry. It combines in a single, democratic and voluntary association the roles previously played by the British Employers' Confederation, the Federation of British Industries and the National Association of British Manufacturers. (1)

While preserving strict political neutrality in national affairs, the CBI speaks for its members and fosters their interests by representing their collective views when any aspects of general policy affecting industry — economic, labour, commercial or technical — are being debated and formulated. By providing numerous advisory services, it offers practical assistance to its members in dealing with their problems. (2)

The membership of the CBI consists of approximately 13,000 companies and over 200 trade associations and employers' federations.

The trade associations and employers' federations present the views of their respective branches of industry, the former being concerned with commercial, technical and economic problems, the latter with problems relating to labour. They are represented permanently, or in the case of smaller ones periodically, on the CBI's governing body. Individuals drawn from the 13,000 direct member companies also have their place on the CBI Council. The membership of individual companies is of the greatest importance, for it is by servicing them and by helping them with their day-to-day problems that the CBI keeps its feet on the ground.

This first-hand experience of the state of mind and difficulties of industry frequently suggests a wider course of action, the need for representations or the desire for expert study in greater depth.

In addition to these full members the nationalized industries are Industrial Associates of the CBI and work with it on problems which are the concern of all industry. A third category, of Commercial Associates, allows the CBI to draw upon the special knowledge of those who render services to industry, such as the banks.

From this diverse but representative membership expert standing committees advise the CBI Council on the main aspects of industrial policy.

As well as ensuring the formulation of representative views at the centre, the CBI's regional organization enables its members to debate problems within a local context. There is a CBI Regional Council and office staff in each of the standard administrative regions of the United Kingdom, including Northern Ireland. These Regional Councils send their representatives to the governing body. (3)

Any company, firm, national employers' federation or national trade association which is engaged in (or whose members are engaged in) productive or manufacturing industry in Great Britain may join the CBI as a Full Member. This includes producers of raw materials, manufacturers and converters, the construction and transport industries, and companies engaged in industrial processes. Apart from full membership there are two other categories which have already been mentioned. The first is that of Industrial Associate. Members in this category have all the rights, privileges and obligations of Full Members but are not entitled to representation on the governing body. This is convenient for some members such as the nationalized industries.

The third category is that of Commercial Associate, which is open to those who cannot qualify as Full Members or Industrial Associates but whose interests are closely linked with theirs; for example, banks, finance houses, advertising agents, regional or local associations concerned with industrial problems, and organizations representing the distributive trades. (4)

(Confederation of British Industry, a CBI publication, 1965.)

1. (a) Using synonyms where possible, give the meaning of the following words in the context they are used:
promote,⁽¹⁾ preserving, fosters, formulated,⁽²⁾ respective, diverse,⁽³⁾ obligations.⁽⁴⁾
- (b) In your own words, define each of the following terms:
 - (i) employers' federation,
 - (ii) national trade association,
 - (iii) converters,
 - (iv) the distributive trades.
- (c) Explain what is meant in the passage by:
 - (i) "preserving strict political neutrality in national affairs";⁽²⁾
 - (ii) "the CBI's regional organization enables its members to debate problems within a local context".⁽³⁾

2. (a) Rewrite the first two sections in not more than forty-five of **your own words**. Place your completed work under a suitable heading.
- (b) Find an appropriate heading for Section 3.
- (c) In what major way does a trade association differ from an employers' federation?
- (d) How does one qualify to become a member of the CBI Council?
- (e) Section 3 concerns itself mainly with how the CBI is able to identify itself with the problems of industry. How, in fact, does the CBI do this?
- (f) Explain how the structure of the CBI enables it to give a good regional as well as a national service to industry.
- (g) Give Section 4 a suitable heading.
- (h) There are three categories of CBI membership: Full Member, Industrial Associate, and Commercial Associate. Define each one and state how each one differs from the other two.
- (i) Under a suitable heading, construct a diagram to illustrate the structure and organization of the CBI. (Extract all the

information available in the passage, and, if possible, seek further information elsewhere.)

RESEARCH

In each case acknowledge the source of your information.

3. (a) When was the CBI established? If possible, give the exact date.
- (b) Find out the address of (i) the CBI's headquarters in London; and (ii) the nearest regional office to you.
- (c) Give the names of (i) the President, (ii) the Director-General, and (iii) the Secretary of the CBI.
- (d) Find out as much as you can about:
 - (i) the British Employers' Confederation,
 - (ii) the Federation of British Industries,
 - (iii) the National Association of British Manufacturers.
- (e) Give the names and addresses of at least three trade associations and three employers' federations. Where possible, give the names of those organizations that represent the industries of your particular area.

The Confederation of British Industry (II)

THE CBI is so constituted that it sees the whole industrial pattern from a national viewpoint. It develops broad policies and deals with the general problems that are the concern of more than one branch of industry. It is here that it makes its most effective and strongest impact. Its national influence is unique. It acts as a national point of reference for all those who seek the views of industry as a whole. It is recognized internationally as the representative organization of British industry.

It is the CBI that advises the Government on all aspects of Government policy affecting the interests of industry generally, both at home and abroad, whether on such fundamental matters as taxation or international trade relations, or equally on more prosaic but

none the less important subjects such as noise abatement or the disposal of effluent. The range is extremely wide and varied. (1)

However enlightened or efficient, companies are incomplete in themselves. In pursuing their business they operate in their own specialized interests and often lack the opportunity to take a view of conditions or prospects in the round.

Many of them already support their trade associations and their employers' federations and may question the need for lending additional direct support to the CBI. While the CBI backs the need to strengthen the membership of trade associations and employers' federations there are equally substantial reasons for direct membership of the CBI. Trade associations and employers' federations give active consideration to the effect of changing economic and social conditions upon their own individual branches of industry. Because of their sectional interests they, too, mainly focus their attention on part of the pattern. They play an active part in the CBI in order that their views and experience may be added to those of other branches of industry in the development of a national industrial policy. By doing so they do not in any way sacrifice their autonomous right to pursue their own activities — activities which the CBI most strongly favours. (2)

To discharge its responsibilities effectively the CBI must be as widely representative as possible. It must be sustained by the full weight of British industry so that its opinions can be heeded with respect by the Government when developing and implementing policy. To be able to present and argue cases with the best brains in the administration — either at home or abroad — the CBI must draw on the best brains in industry. It must maintain a highly qualified staff. In order to provide efficient and expert services it requires substantial financial resources. That is why you and the CBI can benefit by your membership. (3)

The CBI staff at the centre and in the regions are able to help with individual problems in many ways. At home, advice is available over a wide range of subjects including the interpretation of taxation, rating and valuation; restrictive trade practices, contracts, patents and trade marks; tariffs, company law and town and country

planning. Practical advice by engineers is given on fuel economy, clean air and noise problems and on trade effluent disposal.

While employers' federations give specific advice on their particular industry, the CBI provides useful general information on labour legislation; wages and conditions of employment; industrial training and education; safety, health, welfare and social insurance.

A wide range of services is offered in the export trade, including advice and information on the selection of markets, methods of distribution, potential agents and customers, tariffs, import regulations and overseas investments.

In those cases where the inquiry relates to a matter peculiar to a particular trade or branch of industry, the CBI will channel the question to the appropriate trade association or employers' federation within its membership. (4)

(*Confederation of British Industry*, a CBI publication, 1965.)

1. (a) Using synonyms whenever possible, give the meaning of the following words in the context they are used:
constituted, recognized, fundamental, prosaic, abatement, effluent,⁽¹⁾ substantial, autonomous,⁽²⁾ sustained, implementing.⁽³⁾
 - (b) Write sentences to illustrate the meaning of the following words **as they are used in the passage**.
sectional,⁽²⁾ discharge,⁽³⁾ disposal, potential, peculiar.⁽⁴⁾
 - (c) Study and comment upon the style and punctuation used in Section 1.
2. (a) Section 1 is concerned with the things the CBI does. Under a suitable heading, make a list of these.
 - (b) To what extent is the CBI's "national importance . . . unique"?
 - (c) Why do many individual firms doubt the value of joining the CBI?
 - (d) What benefit does an employers' federation or trade association gain from membership of the CBI?

- (e) Under a suitable heading, make a list of the reasons given in Section 3 why the CBI appeals for maximum support from as many firms as possible.
- (f) Placing it under an appropriate heading, make a list of the ways in which the CBI is able to help the individual firm.
- (g) In what major way does the advice offered by the CBI differ from that offered by an employers' federation?
- (h) How does the CBI handle enquiries that relate to a specific industry?

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Find out as much as you can about the National Economic Development Council ("NEDDY"): when and why it was established; its structure, organization and membership; its aims and effectiveness.
- (b) Find out the names of:
 - (i) the Minister of Labour,
 - (ii) the Minister of Economic Affairs,
 - (iii) the Chancellor of the Exchequer, and
 - (iv) the General Secretary and the Assistant General Secretary of the Trades Union Congress.
- (c) To what extent do you consider the CBI and the TUC
 - (i) similar and (ii) dissimilar?

DISCUSSION TOPICS

- (I) Is an organization like the CBI necessary? If so, who benefits by its existence?
- (II) How far is it true to say that the CBI is an employers' trade union?
- (III) "It is generally recognized that much in Britain needs modernizing. We believe that the very formation of the CBI shows that Management is well aware, not only of the need, but also of our share of the responsibility." — Sir Maurice Laing in his opening address to the first meeting of the CBI Council.

15 September 1965. How far do you consider the above remark correct? How far has the *labour* side of industry gone in re-organizing itself to meet the challenge of the second half of the twentieth century? Has, in fact, the management side of industry "stolen a march" on the trade unions?

24. *The Institute of Directors*

THE Institute is an association of directors in every trade and industry and serves as their guardian and spokesman. It has been described, not inaccurately, as "the bosses' trade union" — although, incidentally, the subscription is less than that to most workers' trade unions. (1)

Although it was founded in 1903 and granted a Royal Charter in 1906, the Institute of Directors had no more than 420 members in 1948. But in that year the Institute was reborn, distinguished men of business were recruited to the Council and a start was made with the campaign which has raised the membership to more than 37,000 and given it the status it has today. (2)

A director of a public or private company or other body corporate not incorporated by statute may become a member. It should be emphasized, however, that membership is by *election* and is far from being automatic. The Membership Committee scrutinizes each application with an eye to the candidate's fitness for membership. The size of the company bears no relation to the eligibility of the candidate — it is the candidate's own qualities which count. Subscription is five guineas a year. Every applicant has to be sponsored by an existing member. (3)

Every director, whether on the board of a large industrial concern or of a small private company, has clear legal obligations to fulfil. But, apart from these, as an employer and responsible citizen, he bears heavy responsibilities. These duties and responsibilities fall equally on public and private company directors — only in the manner in which they discharge them should they differ. But there is another reason: Free Enterprise has been on trial in this country ever since the end of the war. The threat to its existence, and hence to the existence of every director who lives by Free Enterprise, remains — no matter what

political party is in power. The Institute is a fighting organization. It believes that no one, no matter what the size and type of his or her business, can afford to ignore this constant menace to his future. If a neutral has never lost a war, he has yet to win one. The Institute and its members do not believe that in an issue as vital as this it is possible to be neutral. (4)

Although these aims are high, the Institute has not been unsuccessful in its activities. Since 1954 it has pressed constantly for a reduction in the steeply graded surtax on higher earnings. These efforts were amply rewarded by the concessions in the 1961 Finance Act.

The Institute was largely instrumental in securing the introduction of the single-rate tax in 1958. Its efforts resulted in the rates of controlling directors' remuneration being raised in the 1959 Finance Act and it is currently pressing for its abolition.

On the broader issues, the Institute has organized a Free Enterprise Campaign which through press and poster advertising puts the facts about Free Enterprise before the public.

It has regularly made representations to the Government about the penal effects of death duties on family businesses. Currently it is pressing for an examination into the structure of Estate Duty law.

A fighting campaign, "Export Action Now", launched at the 1960 Annual Conference is drumming home to manufacturers and the public the need to increase exports.

The Institute's Education Committee is constantly exploring ways and means by which the Institute may advance higher management education. (5)

(Abridged.) (*What Does the Institute of Directors Do?* an Institute of Directors' Publication.)

1. (a) Using synonyms where possible, give the meanings of the following words:

emphasized, automatic, scrutinizes, eligibility,⁽³⁾ instrumental, remuneration, abolition.⁽⁵⁾

1. (b) Use any five of the above words in sentences of your own showing that you can use them correctly.

(c) In your own words, explain what is meant by:

- (i) a body corporate,⁽³⁾
- (ii) free enterprise,⁽⁵⁾
- (iii) death duties.

(d) What are the essential differences between a "private" and a "public" company?

2. (a) Place the whole passage under an appropriate title and each section under a heading.

(b) Using the dates mentioned as the basis for your plan, give a note-form summary of Section 2 in not more than **twenty-five of your own words**.

(c) Enumerate (i) the conditions of membership of the Institute; and (ii) the stages in the process.

(d) Why — according to the Institute — should every director be concerned about the future of "Free Enterprise"?

(e) Make a list of the activities of the Institute.

(f) Make an assessment of the Institute's work.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Give the following information:

- (i) the address of the Institute's head office;
- (ii) the name of its Director-General; and
- (iii) the name of the monarch who granted the Institute's Charter.

(b) Compare the annual subscription of the Institute of Directors with the annual payment of a member of the TGWU, the NUM, NALGO and the NUT.

(c) Write a short essay in which reference is made to the reasons why methods of paying union fees vary. (Most professional organizations, for instance, pay an annual subscription, whereas most workers' unions collect their "subs" weekly.)

(d) What were the surtax concessions made in 1961? Who was the Chancellor of the Exchequer at the time?

DISCUSSION TOPICS

- (I) Are death duties fair?
- (II) Is Free Enterprise an essential prerequisite to a high standard of living?
- (III) Should high incomes be severely taxed?

ASSIGNMENT

Since the Labour Party's success in the General Election of October 1964, the Institute's run of successes has been halted, temporarily anyway; in many cases, past gains have been reversed.

Check the provisions of the Government's budgets since that date (not forgetting the Chancellor's interim budget of 11 November 1964) and make a list of those provisions that have affected the Institute's members (a) adversely and (b) favourably.

25. *Industrial Corporations*

THE names of ICI, Shell, Unilever or Imperial Tobacco dominate hundreds of thousands of Britons. These industrial organisms are one of the most mysterious phenomena of the Western world. Shell-land or Unilever-land are kingdoms without kings. When in 1651 Hobbes wanted to depict the nature of the modern State, he showed on the frontispiece of his book *Leviathan* a sceptred king whose body was entirely made up of small men. In the twentieth century the industrial corporations — both publicly and privately owned — have taken over much of the role of Leviathan. But they have no kings. No one man controls or owns them; and at their head are committees of men who are themselves an organic part of the body of the whale. Their nebulous characters are aptly expressed by the French word for a limited company — *anonyme*. (1)

There are many features of these new Leviathans which are disturbing — their conformism, their introversion, their secretiveness, the narrow limits of their competition, and, above all, their endemic elephantiasis. But few critics can suggest any alternative system for running an industrial economy. The difference between private corporations and nationalized ones is diminishing, as also in Russia and America. It is difficult to visualize the great corporations being replaced in the next 50 years; they have begun to achieve the staying power of nations themselves. Big whales can still gobble up smaller ones, and the giants at the beginning of the century — Bradford Dyers, Fine Cotton Spinners, J. & P. Coats — are no longer the biggest. But it is hard to imagine the big diversified companies, like ICI or Unilever, losing their supremacy. (2)

What is uncanny is the manner of their development. For as Professor Berle and Dr. Means first explained 30 years ago, their nominal owners, the shareholders, have no effective control over

their policy; and more recently ownership has separated still further from control, through the emergence of the insurance companies (the para-proprietors) as the principal shareholders. The days of autocratic heads, such as Henry Ford, John D. Rockefeller, or Lord Nuffield, are largely passed, and most of the Leviathans have broken away from the families and financiers who founded them. It is the absence of controlling owners which makes the corporation such an odd development in Western economic history. "The capital is there," Professor Berle has written, "so is the capitalism. The waning factor is the capitalist."

The board of directors, except in cases of spectacular mismanagement or feud, when shareholders unite to rise in revolt against them, are responsible to no one but themselves. They are managers without bosses, and they elect one another: they are "tiny self-perpetuating oligarchies". The extent to which the corporation can be controlled from outside the firm is severely limited. Economists are led to the confusing conclusion that the corporations, like perpetual clocks, run themselves — a conclusion which many of them reach with obvious distress and alarm. (3)

In the terms in which left-wing critics were accustomed to regard capitalist organizations in the thirties, the existence of this small group of giants would be hardly short of a nightmare. But even quite radical economists have been surprised to discover that the corporations behave better, and more in the public interest, than they had ever expected. Several explanations have been offered: the development of a managerial class, concerned with prestige as much as profits; the competing pressures of specialist departments; the growth of a "countervailing power" from trade unions or retailers; or the emergence of a "corporate conscience". But most American economists agree that this elephantiasis is inevitable and not necessarily overpowering. (4)

(Abridged.) (Sampson, A., *Anatomy of Britain*, Hodder & Stoughton, 1962.)

1. (a) Using synonyms where possible, give the meaning of the following words:

dominate, phenomenon, depict, nebulous,⁽¹⁾ conformism, introversion, diversified,⁽²⁾ uncanny, nominal, autocratic, waning.⁽³⁾

- (b) Use the above words in sentences to show that you can use them correctly.
- (c) What is a "leviathan"? Why did Thomas Hobbes use the term to describe what was then the modern State?
- (d) What is the difference between a publicly owned and a privately owned corporation?
- (e) In your own words explain what the author means when he refers to (i) the "endemic elephantiasis" and (ii) the "corporate conscience" of the industrial corporation.
- (f) Make a list of examples of *figurative writing* that appear in the passage.
- (g) Carefully examine and then have a short class discussion on the punctuation of Section 1.

2. (a) Find a suitable heading for Section 1.

- (b) To what extent are the present-day industrial corporations different from and similar to the State as depicted by Hobbes?
- (c) Explain why the French term "anonyme" aptly describes these corporations.
- (d) Under a suitable heading,
 - (i) give **five** features of the corporations that the author finds disturbing; and
 - (ii) explain why it is difficult to visualize these corporations losing their supremacy.
- (e) Find an appropriate heading for Section 3, under which make a list of some of the "uncanny" features of these corporations.
- (f) In your own words, explain what Professor Adolf Berle meant when he said: "The capital is there, so is the capitalism. The waning factor is the capitalist."
- (g) To what extent can these corporations be described as "perpetual clocks"?

(h) Under a suitable heading, make a list of the factors mentioned by the author to explain why these corporations work so much in the public interest.

RESEARCH

In each case acknowledge the source of your information.

3. (a) Give the name of the chairman and the head office address of each of the following:

(i) ICI,	(ii) Unilever,
(iii) Shell,	(iv) Imperial Tobacco.

(b) Name **ten** branded products produced by each of the above corporations.

(c) Name (i) at least **five** large American corporations, and (ii) as many British industrial corporations as you can, excluding the above four.

(d) Write a composition on (i) the history and development, (ii) the structure, and (iii) the present-day work and position of any **one** industrial corporation, whether British or American.

(e) Write a short biography of any **one** of the following:
 Henry Ford, John D. Rockefeller, Lord Nuffield, Lord Leverhulme (William), Lord Heyworth (Geoffrey), Sir Alfred Mond, Sir Harry McGowan, Paul Chambers, John Hugo Loudon.

(f) Write as much as you can about Thomas Hobbes and his work.

DISCUSSION TOPICS

(I) Several of the large industrial corporations now play such an important role in the national economy that there is a case for removing them from private ownership and placing them under public control. Do you agree with this; if so, what corporations would you nationalize, and why? What difficulties would the Government have to face and overcome before certain corporations could be taken over?

- (II) In large commercial and industrial undertakings the personal touch of the really private capitalist is replaced by the formal attitude of a bureaucracy. To what extent is this true; and to what extent do you consider it detrimental to the well-being of (i) the workers, and (ii) the public?
- (III) Many people think of the "take-over" as a healthy sign in the economy; others are not so sure. To what extent — if any — does the public benefit by a "take-over" within an industry? Generally speaking, the large corporations have definite advantages over small firms. What are these advantages, and how do they come about? Can you think of some conditions under which the small firm can compete with its large competitors?
- (IV) What part has (i) the "small man" and (ii) the large industrial corporations to play in the export markets of the future?

26. *Public Corporations*

A GREAT deal of parliamentary time today is taken up with economic affairs. Both major political parties accept some responsibility for controlling the British economy. This is a mixed economy, part of which is private enterprise and part public enterprise, i.e. State-owned. The Government of the day is responsible to Parliament for seeing that these nationalized industries are managed efficiently and give the public satisfactory service. The Government is also responsible for appointing the chairmen of the public corporations. A big problem has in consequence arisen as to the extent to which Parliament must control public corporations on behalf of the electorate.

The idea of public corporations is not new. The Post Office, the Royal Naval Dockyards, and the Royal Ordnance Factories have always been controlled by the Government. They differ from the modern nationalized industries because they are subject to the control of Parliament and the Treasury.† They are presided over by Ministers, who are answerable to Parliament for their efficiency, or lack of it. Their accounts are audited by the Auditor-General's department. They cannot spend money unless the authority of Parliament is obtained. They cannot change their establishments or rates of pay without the consent of Parliament. Their estimates are each year submitted to Parliament for approval. Before their financial affairs are presented to Parliament they are scrutinized by the Treasury. They play an important part in the life of the nation. (1)

Since 1918 the public corporations have been experimented with

†The Post Office Act (1961) changed the status of the Post Office in order to give greater recognition to its commercial character. Although it remains a Government department and is answerable to Parliament, its finances have been separated from the Treasury.

in a variety of forms. Direct ownership by the central Government, ownership by the local authorities, even a mixture of State and private ownership, have all been tried. The Port of London Authority was founded in 1908, followed by the British Broadcasting Corporation and the Central Electricity Board in 1926, and the London Passenger Transport Board in 1933. They are not State-owned. The public were invited to buy shares in them. The dividends were fixed, and the Government had a decisive voice in the appointment of the Boards of Management. They were all concerned with giving the public vital services. They provided an invaluable model upon which the Labour Government of 1945 worked in nationalizing certain major industries. All these industries had the characteristic of being what are called public utilities: they offered the public an important and essential service. It was held to be the duty of the Government to take them over and to make sure that the people enjoyed these services at a reasonable price, and were not exploited by monopolists. Whereas the British Broadcasting Corporation draws a large part of its funds from the Government, the nationalized industries are expected to pay their expenses out of the incomes which they earn by charging for the services which they provide. In order to avoid the criticism that excessive Ministerial control would result in inertia, the Ministers concerned were empowered to appoint the Board of Management and to give general directions of policy to the Boards, but were to abstain from interfering with the day-to-day administration of the nationalized industries. They were, however, to be kept fully informed, in order to answer questions asked in Parliament.

The Labour Government created the following:

- The National Coal Board (1946),
- The British Electricity Authority (1947),
- The Gas Council (1948),
- The Transport Commission (1947),
- The Iron and Steel Corporation (1949).

They nationalized civil aviation and the Bank of England in 1946. They took over the whole of these industries, paying compensation to the owners of shares in them. (2)

If the period 1945-50 is used as an example, the process of nationalization follows a set pattern. First, the Government gives notice of intention to nationalize in a White Paper. A Bill is then introduced into the House of Commons. After the Bill has become law the Government is entitled to buy out the shareholders in the industry. The purchase is compulsory, but the compensation has been fair and reasonable, having been set by an independent tribunal. The industry, now one gigantic organization owned by the State, is administered by a Board, the members of which are appointed and can be dismissed by the Minister. The composition of these Boards takes a more or less common form. The chairman is usually an eminent man who has distinguished himself as an organizer. For instance, General Sir Brian Robertson, after a brilliant military career, is Chairman of the Transport Commission. Lord Citrine, after a successful career as a trade-union leader, was Chairman of the Central Electricity Authority. The other members are all men of outstanding merit. Usually there is a representative of the people who use the commodity which the industry makes or the service it provides. The trade unions have a voice. Science and administration have places. Often an academic authority on the industry is nominated. In other words, the object is to get every point of view on the Board, and to ensure that not only is efficiency arrived at, but the interest of the public will be studied.

The country is divided up into a number of areas, or regions. Each area, or region, has a Board. The chairmen of these Boards will be nominated by the Minister, together with half the members. The other half are usually nominated by the local authorities in the area.

The policy which a nationalized industry will follow is laid down in very general terms by the Minister concerned. He and the Chairman of the Board must be in close and constant touch with each other. He (the Minister) must be well informed about the industry. He must be able to answer questions in Parliament about its general position and policy. He is responsible to Parliament for its efficiency, to ensure that it gives service to the public. (3)

(Abridged.) (Benemy, F. W. G., *Whitehall-Townhall*, Harrap, 1960.)

1. (a) Use each of the following words in sentences, adding in brackets after each one used a suitable synonym that could be used in its place:

e.g. The detective carefully *scrutinized* (studied, examined) the belongings of the four suspects, but was unable to find any clues that would help him in his inquiries. audited, scrutinized,⁽¹⁾ exploited, inertia, abstain, compensation,⁽²⁾ eminent.⁽³⁾

(b) Explain what is meant by:

- (i) mixed economy;⁽¹⁾
- (ii) public utility;⁽²⁾
- (iii) independent tribunal; and
- (iv) academic authority.⁽³⁾

(c) Complete Table 25 by inserting the relevant nouns, verbs and adjectives derived from the words already in the table:

TABLE 25

Nouns	Verbs	Adjectives
industry ⁽¹⁾ authority ⁽¹⁾ estimates ⁽¹⁾	presented ⁽¹⁾ scrutinized ⁽¹⁾	decisive ⁽²⁾ characteristic ⁽²⁾
representative ⁽³⁾	expected ⁽²⁾ informed ⁽³⁾	

2. (a) Give Section 1 a suitable heading, under which:

- (i) make a list of the responsibilities of the Government in connection with the public corporations;

- (ii) state the problem that has arisen in connection with the Government's relationship with these corporations;
- (iii) show the ways in which bodies such as the Post Office differ from nationalized industries; and
- (iv) show to what extent the public corporations are controlled by Parliament.
- (b) Give Section 2 a heading.
- (c) Make a list of the types of corporations — together with examples — that have resulted from the "experiments" made in public ownership since 1918.
- (d) What are the reasons given for State ownership of the public utilities?
- (e) Find an appropriate heading for Section 3.
- (f) In note form, describe the process involved in the nationalization of an industry.
- (g) Describe the composition of the Boards that run the nationalized industries. Why are they composed in this way?
- (h) Construct a well-labelled diagram to show the structure of a nationalized industry.
- (i) How is the policy of a nationalized industry determined?

RESEARCH

In each case acknowledge the source of your information.

- 3. (a) Name the Minister and his Ministry responsible to Parliament for
 - (i) the NCB, (ii) British Railways,
 - (iii) BOAC, (iv) the GPO.
- (b) Give the name of the Chairman (together with his salary) and the address of each of the following:
 - (i) British Railways Board,
 - (ii) National Coal Board,
 - (iii) Gas Council,
 - (iv) Central Electricity Generating Board,
 - (v) British Overseas Airways Corporation,

- (vi) British European Airways Corporation,
- (vii) British Broadcasting Corporation,
- (viii) Independent Television Authority.

(c) Make a list of the *main* provisions of:

- (i) the Transport Acts of 1947, 1953 and 1962.
- (ii) the Iron and Steel Acts of 1947 and 1953.

(d) Write "potted" biographies of:

- (i) Lord Citrine,
- (ii) Sir Brian Robertson, and
- (iii) any other **two** chairmen — past or present — of any public corporation.

(e) Write an essay examining the History, Structure and Work of any one public corporation or board. Use a diagram and/or a map to illustrate its structure and organization.

DISCUSSION TOPICS

- (I) Many opponents of nationalization claim that State control robs industrial undertakings of drive and initiative. To what extent do you think that this is true? How can this difficulty — if it exists — be overcome? Would the managerial class within an industrial corporation see any great differences in their status should their particular corporation be nationalized?
- (II) To what extent do you think that the general public should control the nationalized industries and public corporations? Should provision be made, for instance, for a certain number of places on public boards to be filled by popular election? How much control should be exerted by Parliament, which is, after all, the elected governing body?
- (III) In recent years much controversy was aroused when Dr. Beeching began his reorganization of the railways. His aim — one stipulated by the Conservative Government at the time — was to make the railways pay. Is it your opinion that the railways and other nationalized industries should be made to pay, or should they be run as social services — if necessary, at a loss?

(IV) Under present political practice, any Government with an over-all majority can nationalize any industry it wishes, even though the majority of the *people* in the country may well be against it. How far can this practice be reconciled with the principles inherent in a democracy? What can you suggest to replace this practice? Is there, for instance, a place for a public referendum in British politics?

Appendix 1 List of Recommended Books

THE purpose of this booklist is to arm both the student and the teacher with a list of sources from where the information asked for in the "research" and "assignment" sections can be obtained. A school or college library stocked with these titles should be able to satisfy the demands likely to be made on it when research is being done.

It has been found that some books are in greater demand than others, so to meet this contingency it is suggested that more than one copy — half a dozen or so — of each of those marked by an asterisk should be made available. One is recommended to have back-numbers of those marked by a dagger.

As keeping up to date with the topics dealt with is a serious problem, the need to have copies of suitable magazines at hand cannot be over-emphasized. It is also advisable to be placed on the mailing lists of those organizations — such as the Central Office of Information, the commercial banks, the Building Societies Association, etc. — that issue free and very useful literature; subscriptions to the literature departments of such bodies as the TUC, trade unions, employers' associations, political parties, etc., would not be money wasted either.

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Appendix 2 Some Useful Visual Aids

FILMS, FILMSTRIPS, WALLCHARTS, DISPLAYS

Abbreviations

SS: Films available on loan from Sound Services Ltd., Wilton Crescent, London, S.W.19. Catalogue 5s.

CFL: Central Film Library, Government Building, Bromyard Avenue, Acton, London, W.3. Catalogue 5s.

FFL: Foundation Film Library, Brooklands House, Weybridge, Surrey. Catalogue No. 2. 3s. (inc. postage) from EFVA.

EP: Educational Productions, East Ardsley, Wakefield, Yorkshire. Catalogue of wallcharts on request.

PCU: Pictorial Charts Unit, 181 Uxbridge Road, Hanwell, London, W.7. Catalogue of wallcharts on request.

B/W: Black and white.

C: Colour.

F/S: Filmstrip.

W/C: Wallchart.

FL: Free loan.

HC: Hire charge.

PP: Purchase price.

VENISS: Visual Education National Information Service for Schools. Membership: 32s. 6d. p.a. For this, the member receives all visual aid catalogues and information leaflets currently in print, together with the monthly magazine *Visual Education*, the July issue of which acts as a Yearbook.

For further details write to VENISS, Educational Foundation for Visual Aids, 33 Queen Anne Street, London W.1.

MONEY

The Story of Money. 16 mins. B/W (1945) SS: HC 13s. 6d.; CFL & FFL: HC 10s.

Why Have Money? F/S: B/W with teachers' notes (1947) FFL: PP £1.

Basic Economics (Parts 1-8) F/S: C (Encyclopaedia Britannica, 1951). FFL: PP £1 15s. each or £12 set.

Your Money in the Bank. W/C: C with teachers' notes. Westminster Bank. Free.

BANKING

Bank of England. 34 mins. C. Bank of England, SS: FL.

Both Feet on the Pad. 11 mins. C. Midland Bank, SS: FL.

The Bargain. 10 mins. C. Barclays Bank, SS: FL.

Windows on the World. 26 mins. C. The Chase Manhattan Bank, SS: FL.

What are Banks? F/S: B/W with teachers' notes (1948) FFL: PP £1.

THE STOCK EXCHANGE

My Word is My Bond. 27 mins. C. The Stock Exchange, SS: FL.

Take a Share. 17 mins. C. Wider Share Ownership Council, SS: HC £1.

The Stock Exchange: How it works. W/C: C with teachers' notes. Council of the Stock Exchange. Free.

INSURANCE

This is Lloyd's. 40 mins. C. Lloyd's (1962). SS or CFL: FL.

Lloyd's of London. 13 mins. B/W. (1956). CFL: HC 5s.

The Story of Lloyd's. F/S: C. with teachers' notes (1961) FFL: PP £1.

The Sure Thing. 14 mins. C. British Insurance Association, SS: FL.

The World Assured. 23 mins. B/W. British Insurance Assoc. SS or CFL: FL.

Plan for the Future. 26 mins. B/W. National Deposit Friendly Society. SS: FL.

Provident People. 22 mins. C. U.K. Provident Institution. SS: FL.

Provident Policies. 15 mins. B/W. U.K. Provident Institution. SS: FL.

Provident Purpose. 30 mins. C. U.K. Provident Institution. SS: FL.

Save, Insure and Prosper. 20 mins. C. Save and Prosper Group Ltd. SS: FL.

HIRE PURCHASE AND ADVERTISING

How Hire Purchase Finance Houses Work. W/C: C. EP: PP 2s.

Spending Wisely. W/C: C: PCU: PP 6s. 6d.

Value for Money. F/S: C with teachers' notes (1963) FFL: PP £2 12s. 6d.

(*Information for Consumer Education*, Consumer Council, HMSO, 1965, 2s.)
source booklet.

GENERAL POST OFFICE

Thirty Million Letters. C. British Transport Film Library, 25 Savile Row, W.1. FL.

Night Mail. 25 mins. B/W. GPO (1936) CFL: HC 15s.

The Story of the Letter Post. 20 mins. C. (1961) FFL: HC £2.

Post Haste. 10 mins B/W. COI for GPO (1951) CFL: HC 5s.

In Touch with the World. 26 mins. C. COI for GPO (1964) CFL: FL.

A Sound of Living (Telephone). 23 mins B/W. GPO. SS: FL.

Introducing Telex. 17 mins. B/W: SS or CFL: FL.

MASS MEDIA

News Story. 21 mins B/W. *The Guardian.* SS: FL.

Local Newspaper. 17 mins. B/W. COI for Overseas Depts. (1951). CFL: HC 10s.

Against the Clock. C. Express & Star, Promotion Dept., Queen St., Wolverhampton.

Public Opinion. 15 mins. B/W. War Office for Army Bureau of Current Affairs (1945). CFL: HC 10s.

This is the BBC. 68 mins B/W. BBC TV Film Unit (1959). CFL: HC £1 15s.

History of British Newspapers. F/S: B/W (1952) with teachers' notes. FFL: PP £1.

The Newspaper. W/C: C with teachers' notes. PCU: PP 8s. 6d.

The British Press, Display. Council for Education in World Citizenship. Small hiring charge.

SOCIAL SERVICES

Rotherham Up-to-date. 25 mins. C. County Borough of Rotherham. Free loan on application to Town Clerk's Office.

The Medicine Man. 28 mins. C. Aspro-Nicholas Ltd. SS: FL.

Health Services in Britain. 14 mins. B/W (1962). CFL: HC 10s.

The Health of the Community. W/C: C. PCU: PP 7s. 6d.

People of the Shadows. 17 mins. C. Ex-Services Mental Welfare Society. SS: FL.

Town Nurse, Country Nurse. 27 mins. B/W. Queen's Institute of District Nursing. SS: HC 25s.

District Nurse. 28 mins. B/W. COI for Overseas Depts. (1952). CFL: HC 15s.

EDUCATION

To Live and Learn. 30 mins. B/W. Inner London Education Authority. CFL: HC 15s.; SS: HC 17s. 6d.

I Want to Go to School. 31 mins. B/W. NUT (1960). CFL: HC 15s.

Our School. 28 mins. B/W. NUT (1962). CFL: HC 15s.

TRADE UNIONS

A British Trade Union. 26 mins. B/W. COI for Foreign Office (1954). CFL: HC 15s.

Dispute. 36 mins. B/W. British Productivity Council. CFL: HC £1.

The Trades Union Congress: Part 1, The Trades Union Congress: Part 2, A Trade Union, How it works; Part 3, Trade Union History. EP: PP 4s. 6d. set of 3.

CO-OPERATIVE MOVEMENT

Getting Together. 30 mins. B/W. COI for Colonial Office (1959). CFL: HC 15s.

Co-operative Store. 16 mins. B/W. COI for Commonwealth Relations Office (1962). CFL: HC 10s.

Wallcharts and booklets available from London Co-operative Society, Education Dept., 116 Notting Hill Gate, W.11; also from the Education Dept. of the Co-operative Party, 17 Buckingham Palace Gardens, S.W.1.

Two films, *Men of Rochdale* and *Symbol of Success*, are available from CWS Ltd., 1 Balloon Street, Manchester, 4.

CORPORATIONS (Industrial)

Portrait of a Man. 15 mins. B/W. Unilever Ltd. SS: FL.

Window on Fords. 10 mins. B/W. Ford Motor Co. Ltd. SS: FL.

The growing awareness of the necessity for a co-ordinated approach to Liberal Studies has forced the teacher, particularly the technical college lecturer, against a formidable teaching "wall", a wall that is especially noticeable in those day-release classes where the ranges in age, aptitude and ability are often so great.

This series attempts to combine the teaching of Social Studies with that of English, and to present the material in such a way that it can be taught at different levels and with different approaches. *On Citizenship*, the

third volume, covers far more ground than the title suggests. There are chapters on public spending, the various forms of insurance, mass media, advertising, social security, political parties, trade unions, and many other topics of social importance.

As well as forming a text-book of Liberal Studies, *On Citizenship*, and for that matter the whole series, can be recommended for use with trainees on day release, general technical college students, sixth-formers, and the socially minded sections of the general public.

